

HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
JANUARY 23, 2013
APPLICATION SUMMARY

NAME OF PROJECT: Satellite Med Imaging, LLC

PROJECT NUMBER: CN1210-050

ADDRESS: 1300 Bunker Hill Road
Cookeville (Putnam County), TN 38506

LEGAL OWNER: Satellite Med Imaging, LLC
1300 Bunker Hill Road
Cookeville (Putnam County), TN 38506

OPERATING ENTITY: Not applicable

CONTACT PERSON: Rachel C. Nelley, Attorney
(615) 274-4839

DATE FILED: October 15, 2012

PROJECT COST: \$701,825

FINANCING: Commercial Loan

REASON FOR FILING: Establishment of an outpatient diagnostic center (ODC) and initiation of magnetic resonance imaging (MRI) services.

DESCRIPTION:

Satellite Med Imaging, LLC is seeking approval for the establishment of an outpatient diagnostic center (ODC) and the initiation of magnetic resonance imaging (MRI) services at a facility located at 1300 Bunker Hill Road in Cookeville, (Putnam County), TN. The proposed outpatient diagnostic center will be located in an adjacent building that houses the medical practice of Satellite Med, PLLC.

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SPECIFIC CRITERIA AND STANDARDS REVIEW:

MAGNETIC RESONANCE IMAGING (MRI)

I. Utilization Standards for non-Specialty MRI Units.

- a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2,160 MRI procedures in the first year of service, building to a minimum of 2,520 procedures per year by the second year of service, and building to a minimum of 2,880 procedures per year by the third year of service and for every year thereafter.

The applicant projects 2,805 MRIs during the first year of operation and 3,234 MRIs during the second year of operation. The applicant's methodology to project the number of scans is discussed on page 14 of this summary.

Based on this methodology used by the applicant to project MRI procedures, it does not appear that this application will meet this criterion.

- b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

This criterion is not applicable to the proposed project.

- c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

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Since the proposed MRI scanner is a 12 year old refurbished unit the applicant did not request an exception to the standard number of procedures.

- d. Mobile MR1 units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

This criterion is not applicable to the proposed project.

- e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/utilized with medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

This criterion is not applicable to the proposed project.

- 2. Access to MR1 Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

Seventy-one (71) percent of the patients of the applicant's existing clinic reside in the proposed service area. The applicant is projecting an additional 4% of patients will originate from other Putman County providers.

It appears that the application meets this criterion.

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

The applicant states that the only alternative to this project is for patients to choose between high cost scans or not having medically necessary scans performed. The applicant did not explore shared service arrangements but did arrange a lower charge with other area providers but chose to proceed with the proposed project. The applicant also considered the offer of a donated Hitachi 0.3 Tesla MRI unit, which would have also required CON approval, but rejected the offer due to quality concerns of the unit.

Since the applicant did not document the alternative of shared services it appears that this application does not meet this criterion.

4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3,600 procedures, or 2,880 procedures, during the most recent twelve month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

There are four providers of MRI services in the service area with six total MRI units. In 2011 the average utilization of the MRI units in the service area was 3,027 scans per unit.

It appears that the application meets this criterion.

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5. Need Standards for Specialty MRI Units.

6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units.

It appears that these criteria are not applicable to this application.

7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

The applicant provides documentation concerning FDA approval of the proposed MRI unit.

It appears that this application does meet this criterion.

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

The applicant provides documentation of conformity of federal standards and assurances of manufacturer's specifications.

It appears that this application will meet this criterion.

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

The applicant states that it will generally adhere to protocols and practices set forth in the American College of Radiology (ACR) document ACR Guidance document for Safe MR Practices: 2007.

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The applicant does indicate that the employed physicians will have Advanced Cardiac Life Support (ACLS) certification which means that tools such as intubation, electrocardiograms and intravenous medications will be available to treat the patient and begin to determine the cause of the medical emergency.

It is unknown what the applicant means by "....it will generally adhere to protocols and practices...." But since the applicant will have ACLS certified employees, it appears that the application will meet this criterion.

- d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

The applicant indicates by following ACR Magnetic Resonance Imaging Guidelines it will be assured that all clinical MRI procedures performed are medically necessary and will not unnecessarily duplicate other services. The applicant has stated that the physicians providing supervision of the MRI scans are 5 employed Board certified or board eligible physicians whose specialties are family practice, urgent care, pediatrics, and internal medicine all of whom are ACLS certified and have experience ordering scans, reviewing their findings, and interpreting reports. The applicant has also stated that Dr. Yvette Bailey, a member of House Call Radiology in Middlesex, Connecticut will serve as the medical director of the MRI suite.

It appears that the application will meet this criterion.

- e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

The applicant states that Satellite Med, LLC will adhere to the staffing recommendations and requirements of the ACR. The application indicates that staffing will include one full time and one part time technologist. Staff education programs and

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training are proposed to be provided by the proposed medical director who is Connecticut based but licensed for telemedicine in Tennessee.

The applicant indicates that it will meet this criterion but staff was unable to verify ACR requirements for staffing and training.

- f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

The applicant intends to be accredited by the American College of Radiology. The applicant also states that the 2000 Siemen's' Symphony MRI ACR Certification will be extended until January 2013.

Since it is unclear as to whether the MRI unit will be certified beyond January 2013, it is unknown as to whether this application will meet this criterion.

- g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff

The applicant did seek but does not have an emergency transfer agreement. In the supplemental response, the applicant states the proposed physician medical director will not be an active member of the local hospital's medical staff. Staff did verify that the proposed medical director is licensed to provide telemedicine in Tennessee. The applicant did provide a letter from Cookeville Regional Medical Center indicating it will consider entering into a transfer agreement if the proposed project is approved and licensed. The applicant stated any of the provider's at Satellite Med, PLLC can send a patient to Cookeville Regional Medical Center to be admitted under their Hospitalist.

It appears that this application does not meet this criterion.

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8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

The applicant states that Satellite Med will submit all information required.

It appears that the application will meet this criterion.

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

According to the United States Health Resources and Services Administration website, Jackson County is designated as a medically underserved area.

It appears that the application will meet this criterion.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

The applicant is not a hospital. It appears that this criterion is not applicable to this application.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

The applicant does not intend to be certified for Medicare or TennCare. Medicare or TennCare patients will either have to pay the \$425 fee out of pocket or be referred to one of the other four providers in the service area.

- d. Who is proposing to use the MRI unit for patients that typically

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require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard

The applicant did not specifically address this standard.

OUTPATIENT DIAGNOSTIC CENTERS

1. The need for outpatient diagnostic services shall be determined on a county by county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

The applicant provides two methodologies for projecting MRI volumes: one based on percent of population receiving MRI services and application of that percentage to clinic visits and one based on current referrals out to MRI services. The applicant also included a methodology estimating MRI referrals from physicians in the area. The applicant's methodology to project the number of scans is discussed on page 14 of this summary.

Based on this methodology used by the applicant to project MRI procedures, it does not appear that this application will meet this criterion.

2. Approval of additional outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances that require additional services.

As has been previously pointed out the average utilization per unit for MRI services in the service area in 2011 was 3,027. The utilization standard is 2,880 procedures (80% of 3,600 procedures).

It appears that the application will meet this criterion.

3. Any special needs and circumstances:

- a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

The applicant has stated that it is its intent to demonstrate that the existing services in the area are being used sufficiently to justify another MRI in the area. The average utilization per unit for MRI services in the service area in 2011 was 3,027.

It appears that the application will meet this criterion.

- b. Other special needs and circumstances, which might be pertinent, must be analyzed.

The applicant indicates that by providing MRI scans at a flat rate of \$425 the service will be affordable for uninsured patients and/or insured patients with high deductibles and copayments. Medicare and/or TennCare patients who do not want to pay for the fee out of pocket will be referred to one of the other four MRI providers in the service area.

It would appear that the applicant meets this criterion.

- c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.

1. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in conformity with accepted medical practice.

The applicant states that it will generally adhere to protocols and practices set forth in the American College of Radiology (ACR) document ACR Guidance document for Safe MR Practices: 2007. The applicant does indicate that the employed physicians will have Advanced Cardiac Life Support (ACLS) certification which means that tools such as intubation, electrocardiograms and intravenous medications will be available to treat the patient and begin to determine the cause of the medical emergency.

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It is unknown what the applicant means by "...it will generally adhere to protocols and practices...." But since the applicant will have ACLS certified employees, it appears that the application will meet this criterion.

2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.

The applicant has included a copy of guidelines provided by the American College of Radiology in Attachment C 1a MRI 7.d. Staff is unable to determine if following the ACR guidelines will meet this criterion.

SUMMARY:

Satellite Med Imaging, LLC is seeking to establish an outpatient diagnostic center (ODC) and initiate magnetic resonance imaging (MRI) services in renovated office space located at 1300 Bunker Hill Road, Cookeville adjacent to the medical practice of Satellite Med, PLLC. The applicant plans to accept the majority of its referrals from Satellite Med PLLC. Satellite Med Imaging, LLC and Satellite Med, PLLC share both the same management and philosophy. Ten percent of Satellite Med Imaging, LLC is owned by the medical practice of Satellite Med PLLC. Eighty-four percent of Satellite Med, PLLC is owned by Dr. James W. Cates, MD.

The applicant, Satellite Med Imaging, LLC is a member managed Tennessee limited liability company that has a membership of Connie S. Cates (13%), Satellite Med, PLLC (10%), William D. Cates (10%), John R. Officer (10%), Estate of Jodi Allen (7%), Lee Kennedy (6.66%), Gayle Kennedy (6.66%), Wes Kennedy (6.66%), and sixteen other members all with less than 5% membership.

Satellite Med, PLLC is a limited liability company that has a membership of James D. Cates (88.4%), Matthew Bolton, MD (5.6%), Marilyn Vermeesch, M.D. (3%), Richard Michaelson, M.D. (2%) and Christopher P. Dill, M.D. (1%).

The applicant intends to acquire a 12 year old reconditioned 2000 Siemen's Symphony 1.5 Tesla MRI unit. The applicant indicates the reconditioned unit is expected to have an additional 13 years of life.

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Note to Agency members: Review of the HSDA Medical Equipment Registry for the past six years indicates that the median turnaround time in replacing MRI equipment is between 7 and 8 years.

The total size of the building located at 1300 Bunker Hill Road, Cookeville, TN is 9,500 SF. Satellite Med, PLLC has a lease to purchase agreement that will expire on June 14, 2014. If approved, Satellite Med Imaging, LLC will assume the remainder of the lease beginning in June 2013 for one (1) year and then secure financing to purchase. Satellite Med, PLLC will sublet from Satellite Med Imaging, LLC for the period June 1, 2013 through June 1, 2014. Satellite Med, PLLC uses 2,200 SF of the building as office space and will continue to do so if the proposed project is approved. The applicant intends to use 1,200 SF of the remaining 7,300 SF as its imaging space.

The applicant intends to renovate the 1,200 square feet space to house the MRI suite. This space is currently being used as storage which can be easily relocated. The applicant states adding an MRI suite to the existing radiology department in the 1120 Sam's Street building is not feasible because space is at a minimum. The proposed schedule of operations is 7:00 a.m. to 7:00 p.m., Monday through Friday and 9:00 a.m. to 5:00 p.m. on Saturday.

The applicant plans to charge a flat gross fee of \$425 per MRI scan including a reading fee regardless of whether the patient is private pay or insured. The applicant believes that Satellite Med Imaging, LLC will be providing an affordable alternative not currently available in the service area. The applicant is targeting uninsured patients and insured patients with high deductibles and copayments. The applicant states that the other two centers in Putnam County where MRIs are available, Cookeville Regional Hospital and Premier Diagnostic Center provide a cash fee of \$500 for some of their studies but require this money upfront prior to the study being performed. These same facilities file to insurance gross fees ranging from \$1,200-\$1,700 (from 2010 State Equipment Registry report) leaving a high out of pocket expense for patients with high deductibles and co-insurance.

Satellite Med Imaging, LLC has indicated it has opted out of Medicare and TennCare since opening in order to offer its patients some services at less cost. The applicant states that this practice is not allowed when taking Medicare and TennCare. The applicant states that "the TennCare or Medicare patient who chooses to have their MRI study performed at Satellite Med will not be allowed to file it. In this case, they will make a decision to pay out of pocket or to be

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referred to another diagnostic center which is in partnership with government insurance and have their study performed there."

The applicant states that since 71% of the Clinic's patients reside in Putnam and Jackson counties these two counties were chosen as the primary service area.

The Department of Health (DOH) Report identifies the 2013 and 2017 population statistics for each of the two counties in the service area. The Putnam County population is estimated to be 73,212 in 2013 and projected to grow to 76,042 in 2017, a 3.86% increase. The two county service area as a whole is estimated to have a population of 84,715 in 2013 and is projected to grow 3.68% to 87,839 in 2017. The total population in Tennessee overall is expected to grow 3.3% during this time frame. The range of the rate of growth by county is 2.5% in Jackson County to 3.8% in Putnam County. The DOH Report also identifies 16,769 TennCare enrollees in the service area which is equivalent to 19.7% of the population. There are 14,196 TennCare enrollees in Putnam County which is equivalent to 19.4% of the Putnam County population. The range of TennCare enrollees as a % of total population by county is 19.4% in Putnam County and 22.4% in Jackson. The TennCare enrollees as % of total population for Tennessee overall is 18.9%.

Utilizing the data from the HSDA Medical Equipment Registry, the following chart reports historical utilization of MRI units located within the service area.

Historical Service Area Distribution & Utilization of MRIs

County	Facility	Facility Type	# Units (2011)	2009 Procs.	2010 Procs.	2011 Procs.	'09-'11 % change	2011 % Util.
Putnam	Cookeville Reg. MC	H	2	6,946	7,109	8,001	+15.2%	138.9%
Putnam	Premier Diag. Imag.	ODC	2	5,163	5,495	5,707	+10.5%	99.1%
	TOTAL		4	12,109	12,604	13,708	+13.2%	119%

Source: HSDA Medical Equipment Registry

H=Hospital, ODC=Outpatient Diagnostic Center

*Based on utilization standard of 2,880 procedures, State Health Plan. Utilization is calculated based on the number of providers reporting their units and their utilization

The table above illustrates that there are currently 4 MRI scanners located at 2 different providers in the service area. On average all the MRI units in 2011 are operating at 19% above the State Health Plan MRI utilization standard. This ranges from .9% below the standard at Premier Diagnostic Imaging to 38.9% above the standard at Cookeville Regional Medical Center. Overall, MRI

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utilization increased by approximately 13.2% for service area providers between 2009 and 2011.

The applicant projects the proposed MRI unit will provide 2,805 MRI scans during the first year of operation and 3,234 MRI scans during the second year of operation. The applicant provided the following two scenarios in the application to project MRI scans (the applicant chose scenario #2):

- The applicant's first scenario, based on existing service area clinic patients, notes that 16.25% of the service area population had an MRI scan in 2011. After making adjustments by subtracting TennCare and Medicare clinic patients, the applicant applies the 16.5% to clinic visits of patients residing in the service area resulting in a projection of 2,797 MRI scans. (17,214 clinic visits X 16.5%)
- The applicant's second scenario based on existing clinic patients is to consider that 25 clinic patients per week are referred to other diagnostic centers for an MRI. The applicant also estimated that an additional 8 clinic patients per week would be referred for MRI if MRI scans were affordable. This calculates out to 1,716 MRI scans (33 potential referrals/week X 52 weeks). The applicant sent letters to 66 potential referral sources and received eleven back representing a response rate of 16.6%. There were a total of 360 potential referrals which averages to 33 patients per provider (360 divided by 11). The applicant then applied the rate of 33 referrals per provider to the total number of providers originally sent letters to calculate the potential of 2,178 scans (66x33). The applicant then stated if one-half of the 66 providers referred patients in the first year, then 1,089 (33 x 33) scans would be expected. The applicant then took the calculation of 1,716 MRI scans calculated from existing clinic patient referrals and added the projected 1,089 referrals from outside providers to estimate 2,805 scans in Year One (1,716 plus 1,089).

Note to Agency members: HSDA staff questions the validity of applying a population-based use rate to clinic patient volumes; and assuming that 50% of contacted referral sources will refer on average 33 patients annually for MRI based on the responses of 11% of the referral sources surveyed.

The applicant notes the proposed MRI equipment is twelve years old and has been reconditioned. The applicant estimates the unit has at least 13 years of additional useful life. The applicant states that the MRI unit has an American College of Radiology certification through January 2013. The MRI is certified for clinical use by the FDA (Federal Drug Administration).

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Note to Agency members: Review of the HSDA Medical Equipment Registry for the past six years indicates that the average turnaround time in replacing MRI equipment is between 7 and 8 years.

The applicant plans to use certified MRI technicians and will plan to hire one (1) FTE and one (1) part-time technician. The applicant will also hire one full-time Radiology Technician. Dr. Yvette Bailey, a licensed and Board-certified radiologist and member of the House Call Radiology Group located in Middlesex, Connecticut, will serve as the Medical Director of the Satellite Med Imaging, LLC MRI Suite. Dr. Bailey is actively licensed with a physician/surgeon type license issued by the State of Connecticut. Dr. Bailey is licensed in Tennessee as a telemedicine provider. In the 2nd supplemental response the applicant states an outpatient diagnostic center is not required to have a medical director. The applicant states Rule 1200-08-35-.04 (9) states "each diagnostic Center shall have at all times a licensed physician who shall be responsible for the direction and coordination of medical programs".

The proposed average gross MRI charge is \$425/procedure. The average deduction is \$38.11/procedure, producing an average net medical imaging charge of \$387 /procedure. The average gross charge per procedure for MRI at the four existing MRI providers in the service area is presented in the table below.

**Average MRI Charges/Procedure
Putnam and Jackson County Outpatient Imaging Providers, 2011**

Facility	Average MRI Charge
Cookeville Reg. MC (Putnam)	\$1,680
Premier Diag. Imag. (Putnam)	\$1,166
Area Average	\$1,423

Source: HSDA Medical Equipment Registry

The difference between the applicant's gross charge for MRI services and other service area providers ranges between \$1,166 (Premier Diagnostic Imaging) and \$1,681 (Cookeville Regional MC). When comparing the applicant's net charge to MRI providers' proposed net charges in recently approved CON applications the range of difference is between \$91 and \$231. Net Charge = Gross Charge - (Contractual Adjustments from Insurors and Government Payors + Provisions for Charity Care + Provisions for Bad Debt). The applicant will not be Medicare or Medicaid certified. The applicant states that by opting out of Medicare and TennCare they can offer a lower price for an MRI scan to these patients. If their bill becomes too burdensome for them, the applicant will coordinate their lab

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testing or imaging at other facilities so they can file their Medicare or TennCare. The applicant expects a payor mix that will be 32%-35% private pay and 65%-68% commercial insurance.

Per the Projected Data Chart, the MRI will generate \$1,227,325 in gross revenue on 2,805 procedures in the first year of the project, increasing to 3,234 procedures and \$1,409,650 in gross revenue in year two. After contractual adjustments, charity care/bad debt and operating expenses, the proposed ODC will generate a \$495,615 (\$177/scan) favorable margin during the first year of operation, an amount equal to approximately 40.4% of gross operating revenues. The second year's operating margin will be a favorable \$549,050, or 38.9% of gross operating revenues.

The Satellite Med Historical Data Chart revealed net operating losses of (\$4,209) in FY 2009, (\$14,177) in FY 2010, and a net operating gain of \$4,177 in FY 2011. The applicant sees the proposed project as a way to stabilize its financial position as the Projected Data Chart projects \$423,472 in net income after the first year of operation.

The total estimated project cost is \$701,825, including \$12,000 in Legal, Administrative Consultant Fees, \$41,000 for Preparation of Site, \$32,000 for Construction Costs, \$318,700 in Fixed Equipment, \$30,000 in Equipment Costs, \$169,125 for Facility Fees, \$96,000 Reserve for One Year's Debt and \$3,000 for CON filing fees.

The applicant will fund the project through a \$435,000 loan from Mr. Roger Julian of Cookeville. A letter was included from Regions of Cookeville verifying that Mr. Julian had the funds available to finance \$500,000 for Dr. James Cates to purchase the MRI. The term of the loan is 7 years at an 8% interest rate. Other terms include using the MRI which is valued at \$261,700 (before the maintenance contract) as collateral plus creating a \$300,000 lien on the Satellite Med Clinic location at 1120 Sam's Street in Cookeville until December 2019. In the first supplemental response, the applicant states the additional \$266,825 is derived from the funds represented as the building lease and year's reserve for the debt service. The building lease is included in the Projected Data Chart as the debt service. The first year's interest and principal will be paid as a balloon payment. The applicant indicated the balloon payment method would help with the operational cash until the number of monthly MRI studies it projected was reached.

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The applicant provided an unaudited financial statement (compilation report) for the period ending December 31, 2011. According to the information provided, Satellite Med, LLC operated with a current ratio of .01:1 for the reporting period. Total current assets totaled \$18,429 while current liabilities totaled \$1,715,205. Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

The applicant has submitted the required information on corporate documents, lease, MRI Equipment Quote, FDA approval, detailed population and MRI utilization statistics, Emergency Procedures Plan, staff job descriptions, and ACR Practice Guidelines. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency's office.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, pending or denied applications, or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for other health care organizations proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

MAF/PME
(01/10/13)

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LETTER OF INTENT



COPY

2012 OCT -9 PM 4: 53
LETTER OF INTENT

TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Herald Citizen which is a newspaper of general circulation in Putnam (Name of Newspaper), Tennessee, on or before October 15, 2012 (Month / day) (Year) for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Satellite Med Imaging, LLC

(Name of Applicant)

(Facility Type-Existing)

owned by Satellite Med Imaging, LLC with an ownership type of limited liability company and to be managed by: itself intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]:

the establishment of an outpatient diagnostic center to be located in approximately 1200 sq. ft. of renovated office space at 1300 Bunker Hill Road, Cookeville, Tennessee, and for the initiation of magnetic resonance imaging (MRI) imaging services. The estimated project cost is \$701,825.00.

The anticipated date of filing the application is: October 15, 2012

The contact person for this project is Rachel C. Nelley

(Contact Name)

Attorney

(Title)

who may be reached at: Nelley & Company, PLLC

(Company Name)

102 Woodmont Blvd., Suite 200

(Address)

Nashville

(City)

TN

(State)

37205

(Zip Code)

615-274-4839

(Area Code / Phone Number)

Rachel C. Nelley

(Signature)

10-10-2012

(Date)

rachel@nelleycompany.com

(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

COPY

Satellite Med.
Imaging, LLC

CN1210-050

Certificate of Need Application

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1. Name of Facility, Agency, or Institution

2012 OCT 15 AM 10:36

Satellite Med Imaging, LLC
 Name
 1300 Bunker Hill Road
 Street or Route
 Cookeville
 City
 TN
 State
 Putnam
 County
 38506
 Zip Code

2. Contact Person Available for Responses to Questions

Rachel C. Nelley
 Name
 Nelley & Company, PLLC
 Company Name
 102 Woodmont Blvd., Ste. 200
 Street or Route
 attorney-client
 Association with Owner
 Nashville
 City
 615-274-4839
 Phone Number
 Attorney
 Title
 rachel@nelleycompany.com
 Email address
 TN
 State
 37205
 Zip Code
 615-730-6545
 Fax Number

3. Owner of the Facility, Agency or Institution

Satellite Med Imaging, LLC
 Name
 1300 Bunker Hill Road
 Street or Route
 Cookeville
 City
 TN
 State
 Phone Number
 Putnam
 County
 38506
 Zip Code

4. Type of Ownership of Control (Check One)

- A. Sole Proprietorship
 B. Partnership
 C. Limited Partnership
 D. Corporation (For Profit)
 E. Corporation (Not-for-Profit)
 F. Government (State of TN or Political Subdivision)
 G. Joint Venture
 H. Limited Liability Company
 I. Other (Specify)
- ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☒ ☐

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
 REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. Name of Management/Operating Entity (If Applicable)

2012 OCT 15 AM 10:36

Name

Street or Route

County

City

State

Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. Legal Interest in the Site of the Institution (Check One)

A. Ownership

☐

D. Option to Lease

☐

B. Option to Purchase

☒

E. Other (Specify)

☐

C. Lease of 5 Years

☒

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. Type of Institution (Check as appropriate--more than one response may apply)

A. Hospital (Specify)

☐

I. Nursing Home

☐B. Ambulatory Surgical Treatment
Center (ASTC), Multi-Specialty☐

J. Outpatient Diagnostic Center

☒

C. ASTC, Single Specialty

☐

K. Recuperation Center

☐

D. Home Health Agency

☐

L. Rehabilitation Facility

☐

E. Hospice

☐

M. Residential Hospice

☐

F. Mental Health Hospital

☐N. Non-Residential Methadone
Facility☐G. Mental Health Residential
Treatment Facility☐

O. Birthing Center

☐H. Mental Retardation Institutional
Habilitation Facility (ICF/MR)☐P. Other Outpatient Facility
(Specify)☐

Q. Other (Specify)

☐8. Purpose of Review (Check) as appropriate--more than one response may apply)

A. New Institution

☒G. Change in Bed Complement
[Please note the type of change
by underlining the appropriate
response: Increase, Decrease,
Designation, Distribution,
Conversion, Relocation]☐

B. Replacement/Existing Facility

☐

C. Modification/Existing Facility

☐

D. Initiation of Health Care

Service as defined in TCA §

68-11-1607(4)

(Specify) magnetic resonance imaging

☒

H. Change of Location

☐

Discontinuance of OB Services

☐

I. Other (Specify)

☐

Acquisition of Equipment

☐

9. Bed Complement Data

Please indicate current and proposed distribution and certification of facility beds.

	Current Beds Licensed	*CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical					
B. Surgical					
C. Long-Term Care Hospital					
D. Obstetrical					
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid Certified)					
M. Nursing Facility Level 1 (Medicaid only)					
N. Nursing Facility Level 2 (Medicare only)					
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child and Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL					

*CON-Beds approved but not yet in service

10. Medicare Provider Number

Certification Type

11. Medicaid Provider Number

Certification Type

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

SECTION B: PROJECT DESCRIPTION

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.**

Satellite Med Imaging, LLC (the "Applicant") seeks a certificate of need to acquire a used 2000 Seimen's Symphony 1.5 Tesla closed bore magnetic resonance imaging ("MRI") scanner system and initiate MRI services to patients of Putnam and Jackson Counties in Tennessee in an outpatient diagnostic center setting to be conveniently located by I-40 allowing for access from every county in the Upper Cumberland at 1300 Bunker Hill Road in Cookeville, Tennessee in leased office space within a building adjacent to the medical practice of Satellite Med, PLLC.

Satellite Med Imaging, LLC, is an entity owned 10% by the medical practice of Satellite Med, PLLC. 88.4% of Satellite Med, PLLC is owned by James W. Cates, M.D., a Tennessee licensed physician board certified in family practice and a fellow of the American Academy of Family Practice who was born in Putnam County, Tennessee, and returned to practice in the area and raise his family after completing his residency in family practice at the University of Tennessee in 1988. Dr. Cates has devoted his career to offering his patients the convenience of affordable comprehensive care and quality continuity of care.

15% of Satellite Med Imaging is owned by Ms. Connie Cates, the wife of Dr. Cates for over 32 years. The remaining owners of Satellite Med Imaging, LLC are the individuals identified in Attachment A-4., whose percentage ownership interests range from 1% to 10%.

Satellite Med Imaging, LLC and Satellite Med, PLLC share the same management and philosophy. It is their mission to use technology and evidence based medicine to drive down costs of healthcare while offering an affordable and accessible alternative for their patients.

Satellite Med Imaging, LLC intends to offer deeply discounted imaging prices compared to other providers in the service area in order to better serve uninsured and underinsured patients or patients facing high deductibles in the area who might otherwise forego necessary imaging due to cost. So as to ensure prompt and efficient delivery of care to patients in the community, the Applicant will give the referring providers access to its PACs system to enable the providers to view scans and reports electronically.

Satellite Med Imaging, LLC expects that the majority of its patients will be referred by the five (5) physicians at Satellite Med, PLLC, who currently refer an average of 25 MRI scans per week. Of the 25 patients referred per week for MRI scans by the medical practice, 7-8 pay out of pocket for the scans. Physicians of the medical practice are

concerned about the outlay of cash faced by their patients who require imaging, particularly when the patients are out of work due to conditions which necessitate a scan. In 2011, the average charge per MRI scan in Putnam County was \$1,423.08¹ (in 2010, it was \$1,578.09). On a daily basis, the physicians see patients who need scans but refuse due to the financial expense. The goal of Satellite Med Imaging, LLC is to address this concern, which is one that is not unique to the physicians of Satellite Med, PLLC, but is experienced by other local providers. At \$425 per MRI scan patients referred to Satellite Med Imaging, LLC will be able to afford the tests that they require. At the same time, Satellite Med Imaging, LLC can comfortably meet the financial demands to operate the equipment, reinvest capital back into the company to continue to maintain its affordable fee schedule and be able to sustain a fair profit. A list of the physicians at Satellite Med with their board certification is attached as Attachment B-1.

Satellite Med Imaging, LLC seeks also to alleviate the strain on the use of the existing MRI scanners in the area, which, in Putnam County, averaged 3,428 procedures per each of the four (4) scanners in the year 2011 per the provider medical equipment report dated September 11, 2012 maintained by HSDA. According to the Guidelines for Growth, the optimal efficiency for a stationary MRI scanner is 2,880 procedures per year. The fact that the current MRI scanners in the proposed primary service area are operating at over capacity means that patients are forced to experience unacceptable delays before they can receive necessary MRI scans.

Hours of operation will be 7am until 7pm Monday thru Friday and Saturday 9am until 5pm. The Applicant also plans to be open on all holidays except Thanksgiving Day and Christmas Day. Patient convenience is important to the Applicant. Extended hours will allow patient access before and after work during the week and on days when other area providers are not available. According to the State Health Plan Certificate of Need Standards and Criteria for Magnetic Resonance Services, "...physician offices and outpatient diagnostic centers more usually operate their MRI Units Monday-Friday; inpatient facilities typically operate Monday-Friday...."

The total cost of the project is estimated to be \$701,825. This includes the used Seiman's Symphony, chiller, all computers, uninstall, transportation from Philadelphia, reinstall, riggers on both ends, RF room, construction for reception area, 2 dressing rooms, 2 bathrooms, a technician workstation and furnishings for the additional 1,200 sq foot space to be titled the Imaging Suite. According to the Performa (Projected Data Chart) attached, the annual operating expenses will start at \$624,508 yielding a \$495,914.75 net operating income. It is important to mention that this is with the scans priced at \$425 each.

Funding for the project is secured by a local individual, Mr. Roger Julian, who desires to help people and has found that contributing to Satellite Med's goals accomplishes this. Not only will the MRI operating at Satellite Med Imaging, LLC help with our mission to

¹ Based upon averages of MRI Total Procedures and Total Charges reflected in the provider medical equipment report maintained by HSDA as of 9/11/2012 and as of 11/8/2011.

provide accessible, safe and affordable testing it will effectively help our community by driving down healthcare costs in Putnam County.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and /or renovation of the facility (exclusive of major medical equipment covered by T.C.A. 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Please also discuss and justify the cost per square foot for this project.**

The building located at 1300 Bunker Hill Road totals 9,500 sq ft; however, Satellite Med, PLLC renovated 2,200 sq ft in 2008 to use as office space. Satellite Med Imaging, LLC proposes to renovate 1,200 sq ft of the remaining 7,300 sq ft space to use as its imaging suite. Currently there is nothing occupying this space.

The offices and the imaging suite will share the same front door access. Once inside, the clearly marked glass doors will indicate the imaging suite. Upon entering, there will be a reception area for 12 patient chairs an ADA accessible restroom dedicated to this lobby and a receptionist counter with designated space for this employee. Beyond the reception area through a door, there will be a 4 foot hallway. Standing in this doorway, the MRI operation station will be situated to the far right, the RF room with the 1.5 Tesla central and a storeroom and computer/equipment room will be located at the far left. Down the hall immediately on the left will be two dressing rooms and another wheelchair accessible restroom dedicated to those in this domain.

The existing floor is on a concrete slab with ceramic tile. This will be left in place and repaired where needed, however, in the RF room the floor will have to be removed and replaced once the floor is shielded. There are existing drains and the restrooms have been strategically placed to allow for their use. The studs for the RF room will be set as part of the RF room construction, however, an additional set of studs and sheet rock is included in the construction costs in this narrative. The entire 1,200 sq ft will require a 9ft tall drop ceiling to be placed along with the duct work and electrical for the project.

The construction cost for this project is estimated at \$32,000. Included in the construction bid is the electrical hook up and HVAC. The building has a 3 phase service with 120208 volts but needs 480277 volts for the 1.5Tesl.

According to a reputable contractor in the area, traditional remodel construction averages \$40/sq ft for basic remodel in Putnam County. The \$32,000 projected is \$26.66

per sq ft. This is 67% of the typical cost for the area; therefore the Applicant believes the cost is very reasonable.

An outside company will evaluate the RF room and present a document showing that the RF room passes specifications required by Seimans.

B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and or redistributed by this application.

Not applicable

C. As the Applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. **Magnetic Resonance Imaging (MRI)**
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

The Applicant proposes to initiate magnetic resonance imaging (MRI) services using a 2000 Seimens Symphony 1.5 Tesla closed bore magnetic resonance imaging ("MRI") scanner system.

The Applicant anticipates that the majority of its referrals for MRI scans will originate from Satellite Med, PLLC. Presently, Satellite Med, PLLC physicians refer on average of 25 scans per week. Existing MRI scanners in the area are operating at over capacity. According to the provider medical equipment report dated September 11, 2012 maintained by HSDA, in 2011, the two (2) existing providers in Putnam County averaged 3,428 procedures per each of their four (4) scanners. According to the Guidelines for Growth, the optimal efficiency for a stationary MRI scanner is 2,880 procedures per

year. The fact that the current MRI scanners in the proposed primary service area are operating at over capacity means that patients are forced to experience unacceptable delays before they can receive necessary MRI scans.

Hours of operation at Satellite Med Imaging, LLC will be 7am until 7pm Monday thru Friday and Saturday 9am until 5pm. The Applicant also plans to be open on all holidays except Thanksgiving Day and Christmas Day. Patient convenience is important to the Applicant. Extended hours will allow patient access before and after work during the week and on days when other area providers are not available. According to the State Health Plan Certificate of Need Standards and Criteria for Magnetic Resonance Services, "...physician offices and outpatient diagnostic centers more usually operate their MRI Units Monday-Friday; inpatient facilities typically operate Monday-Friday...."

MRI is a valuable tool, but it can be cost prohibitive for many. In 2011, the average charge per MRI scan in Putnam County was \$1,423.08² (in 2010, it was \$1,578.09). On a daily basis, the physicians at Satellite Med, PLLC see patients who need scans but refuse due to the financial expense. These patients are generally employed and either have no insurance or high deductible plans. They typically do not qualify for governmental assistance. A trip to the emergency room due to injury or illness could deplete their finances. Missing work due to illness or injury directly affects their pocketbooks and/or work status. Any out of pocket expenses related to an illness or injury that is not budgeted puts a hardship on these people and their families. The Applicant believes that it can provide access to affordable and convenient diagnostic services to these individuals by charging \$425 per MRI scan. The \$425 is a gross charge for any scan regardless of whether the patient has insurance. This way if there is still a deductible to be met, the patient will only pay the same amount of money the cash paying patient will pay. Another point to note is that with some patients, not all, they may get an additional bill from the radiologist for the reading fee. The Applicant will not charge a reading fee. It is included in the \$425 fee.

The other two centers in Putnam County where MRI's are available, Cookeville Regional Hospital In Patient and Out Patient Imaging and Premier Diagnostic Center provide a cash fee for some of their studies but require this money upfront prior to the study being performed. This fee is \$500. Currently, if the patient is not referred by the Applicant, this price is not guaranteed and the patient may have to pay a higher amount. These same providers file gross fees to some insurance companies averaging \$1,423.08 (according to the provider medical equipment report maintained by HSDA dated September 11, 2012) leaving a high out of pocket expense for patients with high deductibles and co-insurance.

Although it is true that there will be some contractual write off, it will vary based on insurance carrier, specific plan and facility. The deductible or coinsurance left to pay is often higher than the \$425 proposed by the Applicant. For instance, if billed \$1,500 and if the contractual write off is only \$500 then the amount left is \$1,000 of which the patient

² Based upon averages of MRI Total Procedures and Total Charges reflected in the provider medical equipment report maintained by HSDA as of 9/11/2012 and as of 11/8/2011.

is responsible entirely if it goes to the deductible and for \$200 if it goes to an 80/20 plan. In the Applicant's case, if the maximum allowable amount is \$1,000 then the Applicant will leave \$575 on the table; however, if it goes to the patient's deductible then, the patient will only pay \$425. The patient will be able to apply this amount (\$425) to the patient's deductible because it will be filed to the patient's carrier. The insurance company is the winner in this scenario; however, the disparity for the patient with a high deductible is not acceptable. Furthermore, when patients are left with a high balance, the likelihood of it aging out is greater than the likelihood of a patient paying a reasonable balance.

Facilities in contract with Medicare and TennCare cannot have two fee schedules. If they have a charge of \$1,500, the insurance may only pay \$460 but the facility is making up for the shortfall on the backs of the cash paying patient. The cash paying patient is left owing the full amount because there is no governing body to control the cost for the uninsured.

The TennCare or Medicare patients who choose to have their MRI studies performed at Satellite Med Imaging, LLC will not be allowed to file it. They will have to choose whether to pay out of pocket or to be referred to another diagnostic center which is in partnership with government insurance and have their studies performed there.

Satellite Med, PLLC after seeking a cash fee schedule from Premier Diagnostics, was offered a charge of \$1,100 in 2008 for the patients they referred. Consequently, Satellite Med, PLLC cash paying patients have not been referred there until recently in 2012 after they lowered their charge to \$500 for some scans without contrast. This was a result of Satellite Med, PLLC negotiating with Cookeville Regional Medical Center Outpatient Imaging Center to offer referred patients a cash fee schedule of \$500 per scan.

Satellite Med, PLLC surveyed some of its private pay patients and patients with high deductible plans. The survey results are summarized on the table below entitled "MRI Analysis showing the high fees for MRI Scans in the Service Area." Of the 87 patients who responded, 37.93% indicated that their out-of-pocket expenses were greater than or equal to \$400. (Out-of-pocket expenses refer to monies the patient had to pay either due to deductible, co pay or both). In some cases, the deductible met the entire balance and in others there was a payment made additionally by the insurance company on the patient's behalf.

Section B- Project Description

MRI analysis showing the high fees for MRI scans in the service area 2012 OCT 15 AM 10: 37				
Patient	MRI	Insurance	Amount "out of pocket"	Was payment upfront?
Patient A	Brainw/o	BCBS	\$1,146.00	yes
Patient B	R knee	CASH	\$500.00	yes
Patient C	R shoulder	BCBS	\$500.00	yes
Patient D	Brainw/o	BCBS	\$2,000.00	no
Patient E	R shoulder	BCBS	\$600.00	no
Patient F	Brainw/o	BCBS	\$580.00	no
Patient G	Brainw/o	BCBS	\$400.00	no
Patient H	R knee	BCBS	\$808.50	within 9 months
Patient I	R knee	CASH	\$1,750.00	\$500 was upfront
Patient J	Lumbar	BCBS	\$420.00	yes
Patient K	L shoulder	BCBS	\$1,000.00	\$350 was upfront
Patient L	L Shoulder	CASH	\$500.00	yes
Patient M	L Knee	BCBS	\$2,200.00	\$200 was upfront
Patient N	Lumbar	CASH	\$500.00	yes
Patient O	R shoulder	CASH	\$500.00	yes
Patient P	Thoracic	CASH	\$1,575.00	\$525 was upfront
Patient Q	R knee	CASH	\$500.00	yes
Patient R	R shoulder	BCBS	\$500.00	yes
Patient S	Brainw/o	BCBS	\$1,200.00	no
Patient T	Cervical WO	BCBS	\$1,200.00	no
Patient U	Lwrist	BCBS	\$800.00	\$300 upfront
Patient V	R shoulder	BCBS	\$800.00	\$100 upfront
Patient W	R shoulder	BCBS	\$1,200.00	no
Patient X	Lumbar	BCBS	\$800.00	upfront
Patient Y	Lumbar	BCBS	\$771.00	no
Patient Z	Brainw/o	CASH	\$800.00	yes
Patient AA	R knee	BCBS	\$2,400.00	yes
Patient BB	Lumbar	BCBS	\$1,057.11	no
Patient CC	Brainw/o	United	\$500.00	no
Patient DD	L Knee	CASH	couldn't afford	yes
Patient EE	R Shoulder	Aetna	couldn't afford	yes
Patient FF	Pituitary	CASH	couldn't afford	yes- wanted \$800
Patient II	Lumbar	CASH	\$1,000.00	yes
Patient JJ	Spine X2	BCBS	\$3,400.00	\$400 up front
Patient KK	R Knee	BCBS	\$1,500.00	

	Worker's comp	Government Payor	High out of pocket-\$500 and greater	Under \$400 out of pocket	Did not get MRI	No response
Number of Patients	19	4	33	28	3	131
Percentage of total surveyed	8.72%	1.83%	15.14%	12.84%	1.38%	60.09%
Percentage of adjusted total	21.84%	4.60%	37.93%	32.18%	3.48%	

Satellite Med, PLLC has a policy of collecting a deposit upfront. This is the amount of an office visit, \$49. In the case of the Applicant, the deposit will be \$100 and if cash pay, the patient will be balance billed and if insured, the claim will be filed. After the EOB comes in the patient will #1 not owe anything, #2 be due a refund because their insurance paid in full or #3 have an outstanding balance. If the patient has a balance after the EOB is returned, the patient will be balance billed. At any time our patients can set up a payment plan per protocol. As long as a patient is paying the amount decided, they will remain in good standing and can continue to be seen at Satellite Med, PLLC or Satellite Med Imaging, LLC.

Satellite Med, PLLC and Satellite Med Imaging, LLC will be affiliated and connected by an IT network thereby facilitating a continuum of their comprehensive practice leaving less room for patients to get lost in the system. For outside referrals, Satellite Med Imaging, LLC will provide portal access for Providers to view their patient's tests and reports.

Making MRI scans available to patients who would otherwise forego the diagnostic procedure improves patient outcomes in both surgical and non surgical cases thereby complementing the medical services currently being provided by the physicians of Satellite Med, PLLC and other providers within the community.

D. Describe the need to change location or replace existing facility. Not applicable.

E. Describe the acquisition of any item of major medical equipment (as defined by agency rules and the statute) which exceeds cost of \$1.5million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed- site major medical equipment (not replacing existing equipment):

a. Describe the new equipment, including:

1. Total cost (as defined by Agency Rule);
2. Expected useful life;
3. List of clinical applications to be provided;
4. Documentation of FDA approval.

The Applicant proposes to initiate magnetic resonance imaging (MRI) services using a 2000 Seimens Symphony 1.5 Tesla closed bore magnetic resonance imaging ("MRI") scanner system. A proposal from Clearview Equipment Services for the machine, including the storage, maintenance while in storage, chiller, transportation to Cookeville Tennessee and reinstallation at 1300 Bunker Hill, is attached as Attachment B.II.E.1.a.1. The price includes all riggers, helium and the installation of the RF room. The expected useful life of the machine is 25+ years based on older versions still operational. Since the machine which the Applicant plans to purchase is 12 years old and has been reconditioned it is expected it will have at least another 13 years of operation. A list of clinical applications to be provided is included as Attachment B.II.E.1.a.3. Documentation of FDA approval is included as Attachment B.II.E.1.a.4.

b. Provide Current and proposed schedules of operations.

Hours of operation will be 7am until 7pm Monday thru Friday and Saturday 9am until 5pm. The Applicant also plans to be open on all holidays except Thanksgiving Day and Christmas Day.

2. **For mobile major medical equipment:** *Not applicable.*
3. **Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.)**
In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

The Applicant intends to purchase a reconditioned 2000 Seimans' symphony for \$150,000 from Clearwater Equipment Services. The proposal is included as Attachment B.II.E.3 along with a letter from the Managing Director of Clearwater Equipment Services stating the proposal is reasonable.

III. (A) Attach a copy of the plot plan of the site on an 8 ½" x 11" sheet of white paper which must include:

1. Size of site (in acres);
2. Location of structure on the site; and
3. Location of the proposed construction.

4. Names of streets, roads or highways that cross or border the site.

*A copy of the plot plan of the site is included as Attachment III.A.1. The size of the site is .6928 acres. The location of the structure on the site is indicated by #. The location of the proposed construction is indicated by *. Names of streets, roads or highways that cross or boarder the site are included.*

(B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

The proposed site is readily accessible to patients in or traveling to the Cookeville area. It is adjacent to the existing medical practice of Satellite Med, PLLC accessed historically by an average 3,200 patients per month. Bunker Hill is an older road which joined Sam's Street when the Sam's Club was built in 2007. Sam's Street loops around and intersects South Jefferson just north of the new Cookeville Elementary School and the exit from Hwy 111 South from Sparta, McMinnville and Spencer. From the North, I-40 exit 287 provides access east (Monterey, Crossville, Jamestown and Livingston) and west (Baxter, Gainesboro, Smithville, Carthage). Jefferson Avenue, Cookeville's major thoroughfare, brings traffic from downtown Cookeville, Cookeville High School and Tennessee Tech University. Bunker Hill Road and Sam's Street are included in the public bus route adopted by the city.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

Please see Attachment IV.B.4.

V. For a Home Health Agency or Hospice, identify: Not applicable.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.

Please discuss how the proposed project will relate to the 5 Principals for Achieving Better Health found in the State Health Plan." Please type out each principal and provide a separate response to each one.

- 1 The Purpose of the State Health Plan is to improve the Health of Tennesseans.

Satellite Med, PLLC was birthed with the mission to improve the Health of Tennesseans in mind. After opening in April 2006, at the Vanderbilt Medical School Commencement on May 19, 2006, "Vice Chancellor for Health Affairs Harry Jacobson, M. D. asked Vanderbilt's newest physicians to lead a generation facing 'three vexing problems' in healthcare- the 'runaway cost of providing care,' 43 million uninsured and underinsured Americans and the challenge of delivering consistent, high quality, evidence based care." (This was taken from the Reporter dated May 19, 2006). Upon reading this quote from a cutting edge university, we knew we were on track to accomplish the challenge. With every new service we render, this is the first goal; will it improve the health of Tennesseans? If it doesn't, it doesn't fit the criteria.

- 2 Every Citizen should have reasonable access to healthcare.

Satellite Med, PLLC recognized the need for every Tennessee Citizen to have reasonable access to healthcare. We are geographically located right off the interstate to provide access. We offer walk-in appointments to provide access. We have extended hours beginning at 7am and ending at 7pm Monday through Friday and Saturday from 9am - 5pm. Although we do not encourage ambulances to bring us patients off the interstate, we readily use them to transfer patients directly to the hospital after stabilizing them. We work closely with Cookeville Regional Medical Center to direct admit patients unless too critical, and then they go through a triage process in the Emergency Room. It has been said by the Tennessee Heart Physicians that we can get a Satellite Med, PLLC patient to cardiac catheterization faster than from the Emergency Room.

Even Medicare and Tenn. Care have access to care at Satellite Med, PLLC. We have given them, an alternative to filing their claims with high coinsurance to that of paying lower affordable costs out of pocket. For example, in the table below is a list of lab's that may not be expected to be covered under Medicare as found on the Advance Beneficiary Notice of non coverage (ABN) from Spectrum Laboratory. If the Medicare patient comes to Satellite Med, PLLC the out of pocket expenses will be much less for

them. The ABN is attached as Attachment C- 5 Principals for Achieving Better Health-
2.

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Laboratory Test	Patient responsibility from Spectrum	Patient responsibility from Satellite Med ,LLC
Blood, occult, Feces: 82272, 82274	\$48.50	\$25.00
CA 125: 86304	\$145.00	
Cholesterol: 82465	\$41.50	\$45.00
Digoxin: 80162	\$84.50	\$10.00
Glucose: 82947,82948,82962	\$41.50	\$30.00
		\$10.00
Laboratory Test	Patient responsibility from Spectrum	Patient responsibility from Satellite Med ,LLC
Hepatitis Panel: 80074	\$429.50	\$65.00
HIV): 86689	\$520.00	\$75.00
Iron: 83540	\$43.50	\$18.00
Lipids and Lipid panel: 80061,83718	\$91.00	\$38.00
Platelet Count: 85049	\$65.50	
PSA: 84153	\$129.00	\$10.00
PT(Prothrombin Time)	\$41.50	\$25.00
T4: 84436	\$49.00	\$12.00
T4 Free: 84439	\$137.00	\$35.00
Triglycerides: 84478	\$41.50	\$45.00
TSH: 84443	\$125.50	\$15.00
Urine Culture: 87086,87088	\$92.50	\$30.00
		\$35.00

3 The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the state's health care system;

Satellite Med, PLLC is driven by the consumer; the patient. As a new need is identified, Satellite Med, PLLC researches the possible solutions, weighs the expenses against the reasonableness of the charges to be incurred and makes a decision whether or not to add the requested service. This is a very extensive process. It is the applicant's policy to consider #1-value added to the patient, with #2-the value added to the business before making a decision.

Satellite Med, PLLC has effectively driven down the cost of health care in our service area. According to Mark Austin Vice President from Blue Cross Blue Shield in 2007, our affordable prices have driven down the cost of Health care by 30% in the Cookeville community. If not affordable, we consider alternative services to meet the needs of our patients.

As noted elsewhere, of the two diagnostic centers in Putnam County, Premier Diagnostics quoted in 2008 a \$1,100 cash price for Satellite Med, PLLC's patients. After negotiating with the other diagnostic center, Cookeville Regional Medical Center Out Patient Center, for a cash fee of \$500 in 2009, Premier Diagnostics lowered their price to \$500 as well for certain MRI's in 2012.

Satellite Med, PLLC as will Satellite Med Imaging, LLC encourages competitive markets with their fee schedule for the underinsured, uninsured and the insured with a high deductible as seen by Mr. Mark Austin's comment. Specialists are coming down slowly in order to get our referrals since we have such a large patient based with a comprehensive practice.

4 Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers; and

The Electronic Medical Record (EMR) facilitates quality and encourages detailed care as each page prompts a consistent approach to the patient visit. Although third level providers are utilized at Satellite Med, PLLC, it is Company policy for a Board Certified Physician to be on site during all hours of operation. These physicians are accessible by the mid level provider for questions, consultations and over reads of EKG's and X-rays.

Satellite Med, PLLC has adopted the Mayo Clinic guidelines as their Standard of Care. All the providers follow the Evidence Based Medicine protocols found through the Mayo Clinic Website. Our Nurse only protocols have been adopted from the Mayo Clinic and most handouts we give our patients come from the Mayo clinic. The Mayo Clinic is referenced when teaching patients about their conditions and the website given to them to learn even more on their own.

Satellite Med, PLLC and Satellite Med Imaging, LLC has extensive standard operating protocols for the company and the practice of medicine which are held in strict adherence by the management team at Satellite Med, PLLC.

5 The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.

Satellite Med, PLLC's staff is its biggest asset. We currently employ 97 persons. We have dozen's of comment cards praising our staff and their caring and compassionate attitude we have 42 full time employees and 55 part time employees. OF these employees, we have 60 with professional license, certificate or training and we have 37 with out training and whom we have trained on the job.

Since Satellite Med, PLLC is a comprehensive clinic; we have a range of healthcare professionals. In our ancillary departments, we have a Certified Lab Manager, Certified Lab Technicians, Certified Radiology Technicians and Certified Pharmacy Technicians

In our direct patient care department we have Medical Assistants, Licensed Practical Nurses and Patient Care Technicians who are paramedic trained. The Medical staff include board certified Family Practitioners, Internists, Pediatricians and Urgent Care Specialists with Family Nurse Practitioners and Adult Advanced Nurse Practitioners.

We use Vikus, a web based program for hiring. Although we have some turn over, Satellite Med, PLLC has rewarded 7 employees already this year for 5 years of service. We recognized 4 last year for 5 years and two of these were physicians who have been with the company since its opening.

We are competitive with our pay when coupled with the benefits we offer. We offer paid time off which accrues with each week worked, health insurance for the employee with the family plan available by payroll deduction, a long term disability benefit paid 1/2 by the company and 1/2 by the employee. We also offer several other benefits that are the employee's responsibility but are a part of a group and can be paid by payroll deduction. These include life, dental, vision, accident, Cancer and short term disability. A huge benefit for our staff full time or part time is the availability of our clinic and providers at a deeply discounted rate for their families medical needs.

Satellite Med Imaging, LLC will employ 4 staff members and will utilize some of Satellite Med, PLLC staff as part of their management team. These new employees will receive the same benefits as Satellite Med, PLLC employees.

- a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

MAGNETIC RESONANCE IMAGING (MRI)

Standards and Criteria

1. Utilization Standards for non-Specialty MRI Units.

- a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

The Applicant applied two (2) methodologies to project utilization for the first two (2) years of operation following completion of the project. These methodologies are described in detail in response to Question 6 under the Need section of this Application. After applying the first methodology, the Applicant projects 2797 scans in the first year of service and 3,290 scans in the second year of service. After applying the second methodology, the Applicant projects 2,805 scans in the first year and 3,234 scans in the second year. Utilization projections under both methodologies meet the minimum standard for non-specialty MRI units.

b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

Not applicable.

c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

An exception to the standard number of procedures is not necessary in light of the fact that the combined average utilization of existing MRI service providers in the primary service area, Putnam County, was 3,428 procedures per scanner in 2011, indicating a strain on the use of the existing MRI scanners in the area. According to the Guidelines for Growth, the optimal efficiency for a stationary MRI scanner is 2,880 procedures per year. The current MRI scanners in the proposed primary service area are operating at over capacity.

d. Mobile MRI units shall not be subject to the need standard in paragraph 1.b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

Not applicable.

e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/utilized with medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

Not applicable.

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

As indicated above, the Applicant's proposed outpatient diagnostic center will be located in a building adjacent to that which houses the medical practice of Satellite Med, PLLC and will accept the majority of its referrals from Satellite Med, PLLC. In 2011 Satellite Med, PLLC experienced a total of 37,882 patient visits. 26,732 (71%) of the visits represent patients from Putnam and Jackson Counties. 25,395 (67%) of these visits involved patients from Putnam county. Given the experience of Satellite Med, PLLC, and assuming that at least 4% of patients will originate from other Putnam County providers, the proposed location of the outpatient diagnostic center will prove accessible to at least 75% of the service area's population.

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

Over the course of 6 years, the experience of Satellite Med, PLLC indicates no other alternative. In 2011, the average charge per MRI scan in Putnam County was \$1,423.08³ (in 2010, it was \$1,578.09). Efforts to work with the two existing nearby MRI providers in negotiating better rates for patients of Satellite Med, PLLC have proved unsatisfactory. The medical practice was able to contract with Cookeville Regional Medical Center Outpatient Imaging Center to provide Satellite Med, PLLC with a cash pay fee schedule for its uninsured patients at the rate for \$500 for certain MRI scans. This fee is charged to Satellite Med, PLLC directly such that the accounts receivable liability is assumed by the medical practice. Although this does help the uninsured population, this contract does not allow access to the reduced pricing for those patients with a high deductible who would prefer to pay out of pocket versus being billed out of pocket the high insurance charge.

The only alternative the patient has found to the high cost of the scans is to not get it performed although thought to be medically necessary. Based upon the experience of the providers at Satellite Med, PLLC who refer patients for MRI scans, the Applicant projects that at least one third (1/3) of the scans performed in the proposed outpatient diagnostic center will be these patients who would not get the test otherwise.

Most recently, December 2011, a radiology group in Connecticut wanted to give Satellite Med, PLLC a Hitachi 0.3 magnet. Although this would meet the criteria of less costly, it would not meet that of more effective, and/or more efficient because it is a slow machine decreasing the scans to only one per hour and the weight would cause much more renovation expense than the Applicant wants to incur. Furthermore, the Hitachi 0.3 magnet was not upgradable to meet the present American College of Radiology certification requirements.

³ Based upon averages of MRI Total Procedures and Total Charges reflected in the provider medical equipment report maintained by HSDA as of 9/11/2012 and as of 11/8/2011.

For this project, the Applicant solicited and reviewed two other companies for 3 MRI quotes. Included as Attachment as C.1.a. MRI 3. is the final quote. The other quotes were discarded due to the cost compared to the magnet proposed in this Application; however may be made available if the board so desires.

The Applicant is not proposing new construction for the project but rather the renovation of space already being leased by the medical practice. Currently, this is space being used only as storage and has great potential to bring in revenue to offset a percentage of the lease fees being incurred. The storage space can easily be relocated; the magnet can be installed relatively easy as compared to another existing facility. It will require the removal of outer panels of the building, however once accessed, installation will be simple and the completion of the project minimal. Having the outpatient diagnostic center separate will add to the safety of the suite since it will be isolated from the other patients and employees thereby limit its access by anyone with ferrous metal on their person.

4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80 % of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelvemonth period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

As stated above, the proposed service area is comprised of Putnam and Jackson Counties in Tennessee. Jackson County currently has no MRI providers. As demonstrated in the table below, the combined average utilization of existing MRI providers in Putnam County was at or above 80% of the total capacity of 3600 procedures (2880 procedures) in 2011, according to the most recent twelve month period reflected in the provider medical equipment report maintained by HSDA.

County	Name of Provider	Number of scanners	Total Procedures	Total Procedures Per Scanner
Putnam	Cookeville Regional Medical Center	2	8001	4001
Putnam	Premier	2	5707	2854

	Diagnostic Imaging			
Combined Average Utilization of Existing MRI Service Providers in 2011 in Putnam County			6854	3428

5. Need Standards for Specialty MRI Units.

a. **Dedicated fixed or mobile Breast MRI Unit.** An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall not receive a CON to use the MRI unit for non-dedicated purposes and shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:

1. It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MRI unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies; *Not applicable*
2. Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit are in compliance with the federal Mammography Quality Standards Act; *Not applicable*
3. It is part of or has a formal affiliation with an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical oncology and an established breast cancer treatment program that is based in the proposed service area. *Not applicable*
4. It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers. *Not applicable*

b. **Dedicated fixed or mobile Extremity MRI Unit.** An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Extremity MRI Unit and a CON granted for this use should so state on its face. *Not applicable*

c. **Dedicated fixed or mobile Multi-position MRI Unit.** An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Multi-position MRI Unit and a CON granted for this use should so state on its face. *Not applicable*

6. **Separate Inventories for Specialty MRI Units and non-Specialty MRI Units.** If data availability permits, Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes. *Noted*

7. **Patient Safety and Quality of Care.** The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

See Attachment B.2. E.1.a.4. The proposed MRI Unit has been approved for use by the FDA.

b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

To demonstrate conformity to the federal standards, please refer to Attachment B.2.E.1.d. Assurance of the manufacturer's specifications is included in the attachment as well. The 2000 Siemens Symphony proposed already has an American College of Radiology Certification that will be extended until January 2013. This is included as Attachment CMRI-7.b.

c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

Satellite Med Imaging, LLC will generally adhere to the protocols and practices set forth in Attachment CMRI 7c.a., entitled ACR guidance Document for Safe MR Practices: 2007 except where differences are indicated. The Applicant recognizes the "risks

associated with contrast agents, sedation, anesthesia and even the frail health of patients undergoing MR examinations." The Applicant will have "the appropriate provisions for stabilization and resuscitation of patients." The proposed renovation drawing is respectfully submitted as Attachment C MRI-7.c.b. to show the zones indicated by the ACR guidelines.

1. Crash Carts and Emergency resuscitation equipment stored in either Zone II or Zone III. These will be appropriately labeled.
2. Emergency Medications to treat adverse reactions to administered contrast agents will be kept on site.
3. Employees trained in MR safety issues and emergency response to adverse events will be readily available in the event of an emergency.

Satellite Med, PLLC recognizes its need to protect its employees, the building and the equipment within the suite which may be extraordinarily sensitive to vibration, power supply and water damage. The guidelines provided in from the Academy College of Radiology will be adhered to and an Emergency Preparedness Plan developed.

d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

- Protocols for MRI studies include reference to the National Guideline Clearing House through the Agency for Healthcare Research and Quality (AHRQ) website for the preauthorization of scans.
- All insurance plans will require a preauthorization before the study can be performed and having met the criteria outlined in this website will assist in this process. This preauthorization will be documented in the patient's chart.
- Cash pay studies will not have to be preauthorized but per protocol, every scan will meet the same criteria and be documented in the patient chart.
- All protocols according to the American College of Radiology are found in Attachment C.1a.MRI. 7.d. entitled **ACR Magnetic Resonance Imaging Guidelines** included in this document.

These guidelines were made available to us by House Call Radiology. This is the radiology group of which Dr. Yvette Bailey is a member. Dr. Bailey will serve as the medical director of Satellite Med Imaging, LLC.

Relying on the ACR Practice Guidelines will assure that all clinical MRI procedures performed are medically necessary and will not unnecessarily duplicate other services. According to **ACR PRACTICE GUIDELINE FOR PERFORMING AND INTERPRETING MAGNETIC RESONANCE IMAGING (MRI)** "The currently accepted techniques and indications for MRI are discussed in various ACR Practice Guidelines that are based on anatomic sites of examination. It is very important that each site offering MRI have documented procedures and technical expertise and appropriate equipment to examine each anatomic site."

e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

Satellite Med Imaging, LLC, will strictly adhere to the staffing recommendations and requirements (including staff education and training programs) set forth by the American College of Radiology.

The technologist performing MRI's at Satellite Med Imaging, LLC will:

- 1. Be certified by the American Registry of Radiologic Technologists (ARRT), the American Registry of MRI Technologists (ARMRIT), or the Canadian Association of Medical Radiation Technologists (CAMRT) as an MRI technologist (RTMR).*
- or*
- 2. Be certified by the ARRT and/or have appropriate state licensure and have 6 months supervised clinical experience in MRI scanning.*
- or*
- 3. Have an associate's degree in an allied health field or a bachelor's degree and certification in another clinical imaging field and have 6 months of supervised clinical MRI scanning*

The MRI technologist at Satellite Med Imaging, LLC will keep their certification current by attending the required continuing education required by the American College of Radiology.

Furthermore, the technologist will participate in assuring patient comfort and safety, preparing and positioning the patient for the MRI examination, and obtaining the MRI data in a manner suitable for interpretation by the physician. The technologist will also perform frequent quality control testing in accordance with the MRI manufacturer's recommendations. (Taken from the ACR guidelines found on their website)

- 1. Satellite Med Imaging, LLC utilizes a self assessment tool (Attachment C. 1a MRI 7. e.1) to assure skills are evaluated regularly and to identify any shortfalls in training which may need to be addressed. Dr. Yvette Bailey, the Medical Director, will provide regular feedback as to appropriateness and quality of MRI Scans to allow for improvement if needed.*
- 2. Satellite Med Imaging LLC utilizes a screening tool for MRI safety. (Attachment C. 1a. MRI 7. e. 2). The technologist will be appropriately trained on the use of this tool and its importance related to safety overall in the MRI Suite.*
- 3. The technologist will work closely with the MRI service technician to assure all recommendations related to quality control and preventative maintenance will be in compliance with the manufacturer's guidelines. All documentation of these events will be logged and kept in the MRI Suite to be accessed by the radiologist or physicist as needed.*

- f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

The 2000 Seiman's Symphony proposed already has an American College of Radiology Certification that will be extended until January 2013. This is included as Attachment C MRI. 7b.

- g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

Letter is included as requested as Attachment C. MRI. 7,g

- h. The applicant must provide supervision and interpretation by a board certified radiologist or physician demonstrating experience and training in the relevant imaging procedure, with certification by the appropriate regulatory body

Supervision will be provided by Satellite Med, PLLC's Doctor of the Day. This is a board certified physician who is ACLS trained and who on a rotating basis will cover the Applicant's outpatient diagnostic center. These physicians have experience ordering scans, reviewing the findings and interpreting reports. All of these physicians are clinically appropriate to supervise the scans and have, within each of their scopes of practice and hospital-granted privileges, the knowledge, skills, ability, and privileges to perform the service or procedure. Dr. Yvette Bailey, the medical director, will be available to ascertain that all applicable protocols are adhered to; further, Dr. Bailey will be available to review the standards for appropriateness of the requested MRI examinations by referring physicians. Dr. Bailey will be onsite for an extensive workshop and training for the Applicant's physicians and the MRI technologists prior to opening the outpatient diagnostic center. The interpretation will be provided by Dr. Bailey and House Call Radiology located in Middlesex, Connecticut. The reading will be performed via teleradiology using a Pacs system with Dicom images. Currently the machine is accredited by the American College of Radiology and this credentialing will be maintained as required by the regulating body. Dr. Bailey's Radiology Board Certificate is included as Attachment C MRI 7.h.

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

If approved, Satellite Med Imaging, LLC will submit all information required; number of MRI studies and related charges in a timely manner. Any other information requested as it pertains to this proposal will be submitted if needed.

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No.2 in the State Health Plan,

"Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration?

Putnam County is not designated as a "medically underserved area" by the United States Health Resources and Services Administration.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

Not applicable.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

Not applicable.

- d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

The applicant has taken into consideration the additional time required for certain scans. With the extended hours of operation, the additional time required will be met as it relates to the volume to be expected from a fully operational magnet.

The other magnets in the service area are also performing scans requiring additional time so the utilization will be affected across the board thereby further substantiating the need in the service area for an additional MRI

OUTPATIENT DIAGNOSTIC CENTERS

1. The need for outpatient diagnostic services shall be determined on a county by county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

In Putnam County, Tennessee, there were 72,321 individuals in the year 2010, according to the U.S. Census Bureau. The population in 2011 was expected by the U.S. Census Bureau to be 72,958, reflecting a percent change from April 1, 2010 to July 1, 2011 of 0.9%. The population of Putnam County is projected by the University of Tennessee Center for Business and Economic Research to be 81,792 in 2020, 85,630 in 2025 and 89,576 in 2030.

In Jackson County, Tennessee, there were 11,638 individuals in the year 2010, according to the U.S. Census Bureau. The population in 2011 was expected by the U.S. Census Bureau to be 11,371, reflecting a percent change from April 1, 2010 to July 1, 2011 of -2.3%. The population of Jackson County is projected by the University of Tennessee Center for Business and Economic Research to be 11,606 in 2020, 11,954 in 2025 and 12,226 in 2030.

As indicated above, the Applicant's proposed outpatient diagnostic center will be located in a building adjacent to that which houses the medical practice of Satellite Med, PLLC and will accept the majority of its referrals from Satellite Med, PLLC. In 2011 Satellite Med, PLLC experienced a total of 37,882 patient visits. 26,732 (71%) of the visits represent patients from Putnam and Jackson Counties. 25,395 (67%) of these visits involved patients from Putnam county.

According to the U.S. Census Bureau, median household income in Putnam County from 2006-2010 was \$35,185 (compared to \$ 43,314 statewide). From 2006-2010, per capita money income in the past 12 months (2010 dollars) was \$19,434 (compared to \$23,722 statewide). Persons below poverty level from 2006-2010 in Putnam County were 22.5% (compared to 16.5% statewide).

According to the U.S. Census Bureau, median household income in Jackson County from 2006-2010 was \$32,722 (compared to \$43,314 statewide). From 2006-2010, per capita money income in the past 12 months (2010 dollars) was \$17,452 (compared to \$23,722 statewide). Persons below poverty level from 2006-2010 in Jackson County were 21.7% (compared to 16.5% statewide).

In 2011, the average charge per MRI scan in Putnam County was \$1,423.08⁴ (in 2010, it was \$1,578.09). Much of the population in the proposed service area cannot afford the outlay of cash required for an MRI or CT test. Satellite Med, PLLC has a total demographic population of 35% uninsured and 65% insured. Of the insured, many have high deductibles and imaging deductibles that make getting an MRI test cost prohibitive. According to the providers at Satellite Med, PLLC, one-third (1/3) of the patients they refer for an MRI refuse to get the test due to the cost. At Satellite Med Imaging, LLC both MRI's and CT scans will be offered at the affordable rates of \$425 and \$275 flat fees respectfully.

Included as Attachment C.ODC.1. are letters from providers in the service area whom the applicant will have a partnership. These letters indicate the number of referrals estimated to be referred to Satellite Med Imaging, LLC for MRI scans. The information from these letters is discussed in detail under Section 6 Utilization and Occupancy Statistics and Methodology number 2.

⁴ Based upon averages of MRI Total Procedures and Total Charges reflected in the provider medical equipment report maintained by HSDA as of 9/11/2012 and as of 11/8/2011.

2. Approval of additional outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances that require additional services.

As stated above, the proposed service area is comprised of Putnam and Jackson Counties in Tennessee. Jackson County currently has no MRI providers. As demonstrated in the table below, the combined average utilization of existing MRI providers in Putnam County was above 80% of the total capacity of 3600 procedures (2880 procedures) in 2011, according to the most recent twelve month period reflected in the provider medical equipment report maintained by HSDA.

County	Name of Provider	Number of scanners	Total Procedures	Total Procedures Per Scanner
Putnam	Cookeville Regional Medical Center	2	8001	4001
Putnam	Premier Diagnostic Imaging	2	5707	2854
Combined Average Utilization of Existing MRI Service Providers in 2011 in Putnam County			6854	3428
<i>Source: provider medical equipment report maintained by HSDA as of 9/11/2012</i>				

In light of the facts that Jackson County, Tennessee has no MRI providers and the combined average utilization of existing MRI providers in Putnam County was above 80% of the total capacity of 3600 procedures (2880 procedures) in 2011, justification exists to permit another MRI in the area. The MRI units at Cookeville Regional Hospital Outpatient Center and Premier Diagnostic are both busy with appointments and at times have become challenging to schedule on Mondays and Fridays. Sometimes requiring a five (5) day wait. Neither of these Out Patient Diagnostic Centers is open after hours, Holidays or on Saturdays.

Additionally, the Applicant submits that special circumstances exist that require the addition of outpatient diagnostic services. Existing MRI providers in the service area are not able to offer the same service at the same rate to patients that the Applicant proposes. The Applicant proposes that offering a product more affordable than is currently in the market will meet the unmet needs of a patient demographic where there is no regulating body to control costs.

Satellite Med, PLLC has opted out of Medicare and TennCare since its opening in order to offer its patients some services at reduced rates. This is not allowed when taking Medicare and TennCare. Satellite Med Imaging, LLC will opt out as well and intends to

offer an MRI to the uninsured and the insured for a flat fee of \$425 including the reading fee. Satellite Med, PLLC has shown that they have a total demographic population of 35% uninsured and 65% insured. Of the insured, many have high deductibles and imaging deductibles that make getting an MRI test cost prohibitive. This test is an important addition in diagnosing and treating patients in our attempt to achieve better outcomes. Furthermore, Satellite Med, PLLC providers state that one third (1/3) of their patients for whom they recommend an MRI refuse to get the test due to the cost.

Only three of the CoverTN MRI scan fees are lower than the \$425 MRI price to be offered by the Applicant, requiring a small adjustment. These are an upper extremity other than a joint without contrast, a lower extremity other than a joint with contrast and a pelvis with out contrast.

3. Any special needs and circumstances:

a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

The experience of the providers at Satellite Med, PLLC described throughout this Application demonstrates the existence of an unmet need in the community. Providers whose patients forego recommended diagnostic testing due to its unaffordability can be left with limited intervention and treatment options. It is likely that other area providers also have patients who forego recommended diagnostic testing given the level of uninsured individuals or high deductible plans. Further, because existing MRI providers in the area are operating at capacity; other physician groups in the area are also likely seeing their patients faced with unacceptable wait times to receive necessary scans.

b. Other special needs and circumstances, which might be pertinent, must be analyzed.

Please see response to Outpatient Diagnostic Center criteria #2 on the previous page.

c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.

As detailed throughout this Application, the need for affordable alternatives to existing outpatient diagnostic centers exists in the service area. The Applicant stands ready to meet that need by offering MRI scans to the uninsured and the insured for a flat fee of \$425 including the reading fee.. Based upon the experience of Satellite Med, PLLC, whose providers refer on average 25 scans per week and see at least 8 more patients per week (416 annually) who would be referred if the study were not cost prohibitive at the facilities currently offering the studies, the Applicant anticipates that the alternative it plans to offer will meet the needs of the patients of Satellite Med, PLLC as well as other providers in the service area who share the experience of Satellite Med, PLLC.

1. The applicant must demonstrate how emergencies within the outpatient Diagnostic facility will be managed in conformity with accepted medical practice.

See Attachment C 1a MRI 7.c. Titled ACR guidance Document for Safe MR Practices: 2007

2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.

See Attachment C 1a MRI 7.d.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

The establishment of an outpatient diagnostic center for the purpose of offering lower cost diagnostic alternatives complements the mission of the providers of Satellite Med, PLLC and the individual investors of Satellite Med Imaging, LLC who share that mission -- to efficiently deliver quality care to those who might not otherwise be able to afford it.

The outpatient diagnostic center allows the physicians at Satellite Med, PLLC to provide more comprehensive care to their patients. It will also allow them to do so in a more cost effective manner.

Dr. Cates, the principal of Satellite Med, PLLC and Satellite Med Imaging, LLC, has striven to find innovative ways to deliver better health care in the most cost effective and efficient manner since opening the medical practice in 2006. He has found that technology can dramatically enhance patient outcomes and that by changing the delivery of healthcare, costs can be contained.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

The Applicant's proposed outpatient diagnostic center will be located at 1300 Bunker Hill Road in Cookeville, Tennessee, within a building adjacent to the medical practice of Satellite Med, PLLC, and will accept the majority of its referrals from Satellite Med, PLLC. In 2011, Satellite Med, PLLC experienced a total of 37,882 patient visits. 26,732 (71%) of the visits represent patients from Putnam and Jackson Counties. 25,395 (67%) of these visits involved patients from Putnam county. Given the experience of Satellite Med, PLLC, and assuming that at least 4% of patients will originate from other Putnam County providers, the applicant believes that the proposed service area is reasonable.

Data available from the medical equipment registry dated September 27, 2012 maintained by HSDA indicating the patient origin of the MRI procedures performed at the Cookeville Regional Medical Center, one of the two existing MRI providers in the service area, appears to confirm that the proposed service area is reasonable. In 2011, the majority of the MRI procedures (4855 out of 7922 or 61.3%) at Cookeville Regional Medical Center represent patients from Putnam and Jackson Counties. Likewise, in 2010, the majority of the MRI procedures (4310 out of 7145 or 60.3%) at Cookeville Regional Medical Center represent patients from Putnam and Jackson Counties. Similarly, in 2009, the majority of the MRI procedures (4082 out of 6621 or 62%) at Cookeville Regional Medical Center represent patients from Putnam and Jackson Counties.

Patient origin data for Premier Diagnostic Imaging, LLC, the second MRI provider in the service area, is not available. In 2009, 2427 out of 3615 or 67.1% of the MRI procedures at Premier Diagnostic Imaging, LLC represent patients from Putnam and Jackson Counties. In 2011, 1704 out of 3822 (45%) of the MRI procedures at Premier Diagnostic Imaging represent patients from Putnam and Jackson Counties.

The complete patient origin utilization data received from HSDA referenced herein is included as Attachment ODC.3.3.a. A county level map of the State of Tennessee indicating the proposed service area of Putnam and Jackson counties is included as Attachment ODC-3.3.b.

4. A. Describe the demographics of the population to be served by this proposal.

The Applicant's service area is comprised of the counties of Putnam and Jackson in Tennessee.

In Putnam County, Tennessee, there were 72,321 individuals in the year 2010, according to the Upper Cumberland Development District. In Jackson County, Tennessee, there were 11,638 individuals in the year 2010, according to the Upper Cumberland Development District. The total population of the service area in 2010 was 83,959. Of these, 1,485 were black, 370 were American Indian, 857 were Asian, 47 were Hawaiian, 237 were multi racial, 4,022 were Hispanic and 2,040 were categorized as "other."

In 2010, the total minority population was 7,640 which were 9.1% of the total. By age, less than 20 years, there were 6,717, there were 18,106 between 20 and 34 years, 35-50 years there were 15,741, between 50-65 years there were 15,877 and greater than 65 there were 12,620. The mean age was 40.3 years. Demographic data found in the last two paragraphs came from the Upper Cumberland Development District.

According to the Census Bureau, the estimated uninsured population is 13,334 of the two (2) counties; the average percentage of uninsured patients is 15.88. The average percent for the described service area that live below the poverty level is 22.1%. Unemployment rates are not seasonally adjusted, however; the unemployment rate for the two (2) county service area in July 2012 was 7.5% and 10.7% respectfully. This information is from the Tennessee Department of Labor and Workforce development and represents 3,320

persons unemployed. The labor force comprises 50% of the total population for these counties.

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According to the U.S. Census Bureau, median household income in Putnam County from 2006-2010 was \$35,185 (compared to \$ 43,314 statewide). From 2006-2010, per capita money income in the past 12 months (2010 dollars) was \$19,434 (compared to \$23,722 statewide). Persons below poverty level from 2006-2010 in Putnam County were 22.5% (compared to 16.5% statewide).

According to the U.S. Census Bureau, median household income in Jackson County from 2006-2010 was \$32,722 (compared to \$43,314 statewide). From 2006-2010, per capita money income in the past 12 months (2010 dollars) was \$17,452 (compared to \$23,722 statewide). Persons below poverty level from 2006-2010 in Jackson County were 21.7% (compared to 16.5% statewide).

In 2011, the average charge per MRI scan in Putnam County was \$1,423.08⁵ (in 2010, it was \$1,578.09). Much of the population in the proposed service area cannot afford the outlay of cash required for an MRI. Satellite Med, PLLC has a total demographic population of 35% uninsured and 65% insured. Of the insured, many have high deductibles and imaging deductibles that make getting an MRI test cost prohibitive. According to the providers at Satellite Med, PLLC, one-third (1/3) of the patients they refer for an MRI refuse to get the test due to the cost. At Satellite Med Imaging, LLC MRI scans will be offered at the affordable rates of \$425 flat fee.

	Jackson County	Putnam County	Total Service Area	State of TN Total
Total Population-Current Year - 2012	11,371	72,958		6,361,070
Total Population-Projected Year -2016	11,730	75,365		6,575,165
Total Population-% change	3.1%	3.2%		3.3%
Age 65 and over Population - 2012	1,995	11,184		878,406
Age 65 and over Population - 2016	2,232	12,637		981,074
Age 65 and over Population - % change	10.6%	11.5%		11%
Age 65 and over Population as % of Total Population	17.5%	15.3%		13.8%
Median Household Income (06-2010)	32,722	35,185		43,314
Median Age	44.7	35.9		37.6
TennCare Enrollees	2,547	14,208		1,209,372
TennCare Enrollees as % of Total	22.3%	19.5%		19%
Persons Below Poverty Level	2,478	16,310		1,049,576
Persons Below Poverty Level as % of Total	21.8%	22.3%		16.5%
Sources: US Census Bureau and historical data within the medical records of Satellite				

⁵ Based upon averages of MRI Total Procedures and Total Charges reflected in the provider medical equipment report maintained by HSDA as of 9/11/2012 and as of 11/8/2011.

Med, PLLC.

The tables below show the numbers of commercial insurance and private pay patients at Satellite Med, PLLC along with a summary of patient ages for those seen at the practice from August 2011 thru August 2012. During this one (1) year period, the percent of insurance is 70% while the private pay is 25% and Worker's Compensation is 5%. For the 6 1/2 years the medical practice has been open, the percentage is 66%, 30% and 4% respectively.

Payor	Aug. 2011- Aug. 2012	Percentage of Total Patients	June 2006- Aug. 2012	Percentage of Total Patients
Medicare	0	0	0	0
Medicare-Waiver	Not available		Not available	
Tenn.Care/Medicaid	0	0	0	0
Tenn.Care/Medicaid Waiver	Not available		Not available	
Commercial Insurance	32,423	70%	162,724	66%
Private Pay	11,447	25%	72,694	30%
Worker's Comp.	2,365	5%	9,367	4%

Patient Age	Aug. 2011- Aug. 2012	Percent of Total Patients
0-17	5,981	13%
18-40	17,335	38%
41-70	21,811	47%
70+	824	2%

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

As explained in detail elsewhere in this application, the Applicant's business plans primarily aim to address healthcare accessibility issues for low income groups in the service area. Of course, minorities typically make up these low income groups. Providing affordable access to diagnostic tests to those in the area who cannot otherwise afford to have the tests will improve patient outcomes in both surgical and non surgical cases involving lower income and minority groups.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project.

Section B- Project Description

Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

Within the service area, there are only two existing providers of MRI tests, each of whom have two MRI scanners. Below is a table indicating the most recent data available for MRI utilization for these two providers.

MRI Utilization as of 9/11/2012									
County	Provider Type	Name of Provider	Year	Number of scanners	Mobile?	Total Procedures	Total Procedures Per Scanner	Total Charges	Avg. Charge Per Scan
Jackson				0					
				0					
Putnam	Hosp	Cookeville Regional Medical Center	2008	2	Fixed	6219	3110	\$9,911,362.00	\$1,593.72
Putnam	Hosp	Cookeville Regional Medical Center	2009	2	Fixed	6946	3473	\$11,490,197.00	\$1,654.28
Putnam	Hosp	Cookeville Regional Medical Center	2010	2	Fixed	7109	3555	\$12,092,594.00	\$1,701.03
Putnam	Hosp	Cookeville Regional Medical Center	2011	2	Fixed	8001	4001	\$13,445,937.00	\$1,680.53
Putnam	ODC	Premier Diagnostic Imaging	2008	2	Fixed	6054	3027	\$10,478,782.00	\$1,730.89
Putnam	ODC	Premier Diagnostic Imaging	2009	2	Fixed	5163	2582	\$8,202,067.00	\$1,588.62
Putnam	ODC	Premier Diagnostic Imaging	2010	2	Fixed	5495	2748	\$6,593,572.00	\$1,200.00
Putnam	ODC	Premier Diagnostic Imaging	2011	2	Fixed	5707	2854	\$6,652,269.00	\$1,165.63
Combined Average Utilization of Existing MRI Service Providers in Putnam County for 2011								per facility 6,854 per scanner 3,428 Avg. cost per scan \$1,423.08	

With respect to approved but unimplemented CONS, Cookeville Regional Medical Center, received approval of its application (CN0909-047) for the purchase and install of a 3.0 tesla MRI system at the hospital owned outpatient imaging department on December 16, 2009. The facility has implemented the CON in September 2012. There are not utilization numbers available to date. According to Dr. Bailey, the use of the 3.0 tesla should not affect the utilization of the 1.5 tesla due to the limitations of the 3T to scan the same population of people as the 1.5T. Her information is taken from two articles cited in Attachment C-OCD.5.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

As the proposed outpatient diagnostic center is a new project, there are no applicable utilization statistics for the past three (3) years. With respect to the physician practice of Satellite Med, PLLC, in the last three and one half (3 ½) years, it has had 133,370 patient visits with 24,437 X rays and 2,641 CT Scans. The practice saw 86,178 diagnosis codes that could have potentially needed an MRI. The diagnosis codes mentioned were from the neoplasms, diseases of the nervous system, the digestive system, the musculoskeletal system, congenital abnormalities, injuries and some from the ill defined conditions sections in the ICD-9 list. These may not be all inclusive lists for MRIs indicating there may be some not considered in this analysis. It is the Applicant's belief that the MRI can be as affordable as the CT scan and when used instead of for some instances, the patient can be spared the added radiation exposure. Consequently, some of the CT scans performed at Satellite Med, PLLC may in fact be referred to Satellite Med Imaging, LLC instead adding to their referrals.

The applicant has two methodologies to present to show potential utilization in year one and in year two. Of the two methodologies, the first one is more theoretical while the second is more realistic

Methodology Number 1: The total number of the studies for 2011 in Putnam and Jackson Counties is 13,708 and this is 16.25 % of the population of these counties. Based upon this statistic, the Applicant should have 2,797 studies referred from the 37,882 annual Satellite Med, PLLC visits which has been adjusted by 71%(service area visits) to 26,896. The 26,896 is adjusted by 64.8% to 17,214 annual visits (for Medicare, 12,917 and TennCare, 16,755 population being 35.2% of the total population of 84,329) The Applicant expects it also will see a number of added referrals from providers of the Upper Cumberland area due to the low out of pocket expense for their patients.

With the anticipated growth from the addition of 11 more exam rooms in 2011, Satellite Med PLLC, expects that the referrals to Satellite Med Imaging, LLC will increase as their annual visits will be 44,000 in 2012. At this rate and based on the statistics in the previous narrative, year two will be 3,290 scans ($44,000 \times 71\% = 31,240 \times 64.8\% = 20,243 \times 16.25\% = 3,290$)

The Population of the service area and those visiting Satellite Med, PLLC do not mirror one another as seen in the chart below; however, there is no indication that they must. Injuries and conditions requiring MRI's do not generally remain consistent in a given population as cited in the reference below.

<i>Description</i>	<i>Total count</i>	<i>% of total</i>
<i>Person's under 17years old in the general population</i>	<i>28,863</i>	<i>21.9%</i>
<i>Patients under 17 years old seen at Satellite Med, PLLC</i>	<i>5,146</i>	<i>13%</i>
<i>Person's between 17 and 40 in the general population</i>	<i>38,546</i>	<i>29.2%</i>
<i>Patients between 17 and 40 seen at Satellite Med, PLLC</i>	<i>14,935</i>	<i>37.6%</i>
<i>Person's between 41-70 in the general population</i>	<i>50,445</i>	<i>38.2%</i>
<i>Patients between 41-70 seen at Satellite Med, PLLC</i>	<i>18,906</i>	<i>47.6%</i>
<i>Person's greater than 70 in the general population</i>	<i>14,042</i>	<i>10.6%</i>
<i>Patients greater than 70 seen at Satellite Med, PLLC</i>	<i>706</i>	<i>10.8%</i>

Despite the differences, MRI trends really do not favor a certain age population according to Robert A. Bell PHD who wrote MRI Utilization Mystery found in Imaging Economics. It is a hard predictor to try to project a certain number of MRI Studies from a certain demographic pool thereby it is not necessary to have mirrored the patient population to that of the general population.

The total patient visits at Satellite Med, PLLC is not necessarily different patients. Many patients have more than one visit to the medical practice in a given year. The number of individual patients is not available for a certain time frame; however, there is documentation of the total number of patients in the data based since opening in April 2006. Satellite Med, PLLC has a patient base of 59,772 as of August 31, 2012. From these patients the number of visits is determined plus new ones added daily to the patient base. Additionally, it is noteworthy to include that often, a patient requires more than one MRI in a given year.

Furthermore, since Satellite Med, PLLC is an Urgent Care Clinic, the providers see a large volume of trauma patients who require MRI scans. The Applicant also works in conjunction with the school systems in Putnam and Jackson Counties and the athletic trainers in the service area. Satellite Med, PLLC has a very large percentage of sports medicine patients often requiring MRI scans. Trauma and sports medicine are the biggest contributors to the MRI volume expected; however other diagnoses may require an MRI.

Methodology Number 2: Satellite Med, PLLC refers 25 MRI's each week to other Outpatient Diagnostic Centers. There are 8 others on average who would have an MRI if they could afford it. This number totals 1,716 annually. The applicant has sent out letters to other providers in our service area. Of the responses received, there have been 360 potential patients to be referred in a given year. These letters represent 16.6 %

of the total and average 33 patients per referring provider. If Satellite Med, LLC receives 50% of referrals from the described 66 names (33) then it is estimated at the rate of 33 patients per referring provider that Satellite Med, LLC will receive 1,089 patients annually from outside providers. The collective MRI scans 1,716 plus 1,089 equal 2,805 in year one. This number is expected to increase with more participation from the referring area providers. In Year two the referrals from Satellite Med, PLLC will remain at 1,716 while the participation from area service providers may increase to 70 percent (46) participation or 1,518 scans. Year two projection is 3,234 MRI scans.

With the extended hours, the capability of the MRI Unit is $1.2/\text{hour} \times 11 \text{ hours} = 13.2$, $13.2 \times 5 \text{ days} = 66$ and Saturdays $1.2 \times 7 = 8.4$ totaling 74.4. Then $74.4 \times 52 \text{ weeks} = 3,868.8$. Satellite Med Imaging, LLC should have no difficulty meeting the projected number of MRI studies in year one and in year two.

The Letters are attached as Attachment C, ODC 6.

Economic Feasibility

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

See the Project Cost Chart included as Attachment C Economic Feasibility I.

The project is estimated to cost \$701,825. This includes the legal fees totaling \$12,000, the RF room for \$41,000, the construction costs for \$32,000 and the cost of the Seiman 1.5 Tesla for \$150,000. The remaining fees on line 7 \$168,700 are related to deinstalling the magnet from its prior location in Pennsylvania and relocating it to Texas for storage until the Certificate of Need is approved, Helium to keep the magnet charged while in the warehouse and transporting the magnet back to Tennessee and installing it using riggers in the applicant's diagnostic suite. Taxes for the actual equipment have been entered as well. Additionally, a chiller was secured in this purchase price. A maintenance contract in the amount of \$50,000 is included too. On the next line item are supplies specific to the MRI suite -- Non Ferrous, MR approved equipment such as wheelchair, stool, stethoscope, emergency cart, oxygen tank and IV contrast supplies. The suite will also need two computers a soft ware upgrade with server and office chairs as well as reception furniture for 10-12 people. This other line totals \$30,000.

In Section B the only applicable line is the facility fees and \$169,125 was determined based on 1,200 sq ft being 1/8 of the totals are footage ;therefore, \$169,125 is 1/8 of the remaining purchase price after the lease \$1,353,000. In Section C, \$96,000 was included for debt service. With the \$3,000 CON filing fee, this puts the estimate for the entire project at \$701,825

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee Confirmed

- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease. *Consistent with Project Cost Chart*
- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

With regard to the cost of the equipment please note that the following definition regarding major medical equipment cost in Tennessee Health Services and Development Agency Rule 0720-9-.01 (13)(b) states " The cost of major medical equipment includes all costs, expenditures, charges, fees, and assessments which are reasonably necessary to put the equipment into use for the purposes for which the equipment was intended. Such costs specifically include, but are not necessarily limited to the following:

1. maintenance agreements, covering the expected useful life of the equipment; *The fee for the Maintenance agreement for the equipment is included in the Fixed Equipment total on line 7 of the Project Costs Chart.*
2. federal, state, and local taxes and other government assessments and *The sales taxes for the equipment is included in the Fixed Equipment total on line 7 of the Project Costs Chart.*
3. installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding." *The fee for installation charges excluding capital expenditures for Physical Plant renovation or in-wall shielding is included in the Fixed Equipment total on line 7 of the Project Costs Chart.*

The builder's name is Bob Lane with Lane Construction located at 1590 E. Spring Street Suite C in Cookeville, Tenn. 38506. His cell phone number is 931-260-2688. His plumbing license # is 0000000469 and his electrical license # is 000009769. He has documented the estimated construction costs to the applicant. His bid includes all materials for construction, labor, Electrical and HVAC.

Documentation is attached as C Economic Feasibility 2. with the letter stating his fees are reasonable.

Rick Collier Managing Director of Clearwater Equipment will install the RF room and oversee the installation of the machine. His cell phone number is 931-252-3565. Mr. Collier has documented that all fees related to the RF room are included in his bid. See Attachment B. 2. E. 1. a.1 for the cost of equipment

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding MUST be inserted at the end of the application, in correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)

☒ **A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;**

Funding is guaranteed by Mr. Roger Julian, 5512 Mt. Herman Rd., Cookeville, Tennessee, 38506 in the form of a promissory note and security agreement, both of which are included as Attachment C Economic Feasibility 2.A. along with a letter stating Mr. Julian has funds available in Regions Bank for the proposed project. Mr. Julian proposes that the money be loaned to Satellite Med Imaging, LLC using the Seiman's Symphony as collateral for \$150,000 and creating a \$300,000 lien on Satellite Med, PLLC located at 1120 Sam's Street. The terms for repayment are for 8% over 7 years with the first year payment to be due at the end of the contractual year in the form of a balloon payment. The remaining years will be paid on monthly payments.

☐ **B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;**

☐ **C. General Obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.**

☐ **D. Grants--Notification of intent form for grant application or notice of grant award; or**

☐ **E. Cash Reserves--Appropriate documentation from Chief Financial Officer.**

☐ **F. Other—Identify and document funding from all other sources.**

Please provide documentation from a licensed architect or construction professional: Documentation from Bob Lane, the construction professional is attached as Section C Economic Feasibility Item 2c The Square footage and Cost per square footage chart is attached as C Economic Feasibility 2.d.

- A) a general description of the project, *included in Letter attached*
- B) his/her estimate of the cost to construct the project to provide a physical environment, according to applicable federal, state and local construction codes, standards, specifications, and requirements and *included in letter attached*
- C) attesting that the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the new 2006 AIA Guidelines for Design and Construction of Hospital and Health Care Facilities and Department of Health Rules pertaining to Outpatient Diagnostic Centers. *Included in letter attached*
- D) In determining the cost for the building to house the MRI unit has the applicant given consideration to: *included in letter attached*
 - 1) The influence of the magnetic field in relationship to the activities of the occupants adjacent to the planned?
 - 2) Are electrical systems of adequate capacity to support sufficient power to the magnet?
 - 3) Have facility preparation cost estimates been prepared by a licensed architect and reviewed and verified by a reputable contractor?
 - 4) If the answers to all the above questions are yes, please provide your findings in written format. If the answers are no, but further investigation reveals additional expenses above your contingency estimate are required as a result of this project, please reflect those additional expense in revised Project Cost Chart and Projected Data Charts where applicable.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

Of the two quotes for the RF room, one was \$80,000 and the other was \$41,000, the Applicant chose the latter. The construction cost of the proposed space excluding the RF room is \$32,000. This is \$26.66 per sq. ft. Most MRI Suites come in over 1 million dollars as seen in recent projects approved by the HSDA. The applicant believes it is noteworthy to mention that the builder Bob Lane finished a "new construction" 4,400sq ft addition at Satellite Med, PLLC in 2011 which came in below his estimate at \$48/sq ft.

4. Complete Historical and Projected Data Charts on the following two pages--Do not modify the Charts provided or submit Chart substitutions! Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

The Historical Data Chart with another expense page has been completed and included as Attachment C Economic Feasibility Item 4a and b, but the data for the total clinical practice of Satellite Med, PLLC is being provided as a courtesy, since there is no historical MRI data for the Satellite Med Imaging, LLC. A Financial Statement for Satellite Med PLLC for year ending 2011 and for the First 2 Quarters in 2012 have been included as Attachment Section C Economic Feasibility Item 4c.

The Applicant recognizes the small net operating loss in years 2009 and 2010 and a small net operating income in 2011 for Satellite Med, PLLC. As a partial owner in Satellite Med Imaging, LLC, Satellite Med, PLLC sees the project as a way to stabilize its financial position. Per the Project Cost Chart, the Imaging suite will net \$423,471.75 in the first year. Some of these dividends will return to Satellite Med, PLLC. Some expenses of the two companies will be shared relieving the total burden on Satellite Med, PLLC. These are primarily 20% of the payroll of IT, Marketing, Human Resources, Billing, Manager and Physician Oversight. On the Projected data chart it is identified as Management Fees in the amount of \$95,524 annually. The rental income for the building at 1300 Bunker Hill will be assumed by Satellite Med Imaging, LLC and Satellite Med, PLLC will pay rent to Satellite Med Imaging for its office space. There will be a net gain for Satellite Med, PLLC of \$56,400 annually. Of the three scenarios mentioned, Satellite Med Imaging, LLC will add to Satellite Med, PLLC's bottom line \$194,271 in the first year.

The Projected Data Chart has been completed with an attachment to explain some entries labeled Section C Economic Feasibilities Item 4d and e.

The Applicant does not plan to accept Medicare or TennCare. Of the Commercial carrier, most of the reimbursements are greater than the charge of \$425; therefore, there are no real adjustments being anticipated. Due to 3 MRI scans showing a lower fee schedule with one carrier (Cover TN), the applicant has made a \$10/scan adjustment provision on the Projected Data Chart to allow for an oversight in the fee schedules or a very small percent requiring a small deduction.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

The project's average gross charge will be \$425 for MRI's, with the provision for charity and bad debt averaging \$27.04 per scan, the average net charge then becomes \$397.96.

HISTORICAL DATA CHART

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

It is the Applicant's intent to charge \$425 for all MRI's with the radiologist reading across the board including all insurance and private pay. At the rate of \$425 per scan the Applicant anticipates in the first year 54 scans per week which will gross \$22,925 per week and \$1,192,125 annually. This will be a continuation of our affordable offerings to the patient. To Satellite Med, PLLC, this will directly add \$42,347 (10% of net profit from Satellite Med Imaging, LLC) to the bottom line since the PLLC is a 10% owner in Satellite Med Imaging, LLC. For Satellite Med Imaging, LLC it will show economic stability and allow for dividends to be dispersed as well as to reinvest capital back into the company for future equipment or endeavors.

The start up costs for a refurbished machine in an existing leased building is minimal compared to the revenue the project will generate on a continuous basis with possible repeat business and anticipated growth over the course of time. The addition of this service will allow Satellite Med, PLLC to continue to expand their offerings to patients in the service area at affordable prices and on the Satellite Med Campus.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

It is the Applicant's intent to charge \$425 for all MRI's with the radiologist reading across the board including all insurance and private pay. The proposed charges are far less than the average charges for the tests at similar facilities in the service area, as summarized in the tables below.

Within the service area, there are only two existing providers of MRI tests, each of whom have two MRI scanners. Below is a table indicating the most recent data available for MRI utilization for these two providers.

MRI Utilization as of 9/11/2012									
County	Provider Type	Name of Provider	Year	Number of scanners	Mobile?	Total Procedures	Total Procedures Per Scanner	Total Charges	Avg. Charge Per Scan
Jackson				0					
				0					
Putnam	Hosp	Cookeville Regional Medical Center	2008	2	Fixed	6219	3110	\$9,911,362.00	\$1,593.72
Putnam	Hosp	Cookeville Regional Medical Center	2009	2	Fixed	6946	3473	\$11,490,197.00	\$1,654.28
Putnam	Hosp	Cookeville Regional Medical Center	2010	2	Fixed	7109	3555	\$12,092,594.00	\$1,701.03
Putnam	Hosp	Cookeville Regional	2011	2	Fixed	8001	4001	\$13,445,937.00	\$1,680.53

Section B- Project Description

		Medical Center							
Putnam	ODC	Premier Diagnostic Imaging	2008	2	Fixed	6054	3027	\$10,478,782.00	\$1,730.89
Putnam	ODC	Premier Diagnostic Imaging	2009	2	Fixed	5163	2582	\$8,202,067.00	\$1,588.62
Putnam	ODC	Premier Diagnostic Imaging	2010	2	Fixed	5495	2748	\$6,593,572.00	\$1,200.00
Putnam	ODC	Premier Diagnostic Imaging	2011	2	Fixed	5707	2854	\$6,652,269.00	\$1,165.63
Combined Average Utilization of Existing MRI Service Providers in Putnam County for 2011								per facility 6,854 per scanner 3,428 Avg. cost per scan \$1,423.08	

According to the MRI fee schedule which is included as Attachment C Economic Feasibility 6.B.a, the range of Medicare fees for non facility MRI reimbursement is \$389.35-\$720.08. The Blue Cross Blue Shield, "S" reimbursements range from \$441.40 to \$890.79. The CoverTN reimbursement ranges from \$336.76-\$951.63. Negotiated rates for the hospital and imaging centers are much higher.

The Applicant has heard from insured patients in the community that they have been required to pay cash deposits of \$1,200 before their MRI scans could be performed. These patients have high deductibles and have not met them yet. They may also get a bill for the radiology reading. This analysis is found in its entirety in Section B Item 2 c. In the Applicant's proposed outpatient diagnostic center, this same patient could receive 3 MRI's for that amount of money. The other 2 diagnostic imaging providers in Putnam County are offering a \$500 fee for certain MRIs; however, both take Medicare and will not be able to offer below the Medicare fee schedule.

The other two outpatient diagnostic centers in Putnam County offer nuclear medicine, mammography and dexascan, which the Applicant does not intend to offer. Satellite Med, PLLC will continue to refer patients to both Cookeville regional Medical Center Out Patient Imaging and Premier Diagnostic Imaging for these studies. The medical practice of Satellite Med, PLLC has co-existed for 6 years with some studies in common with other area providers, such as X-rays, ultrasound and CT scans.

Medicare patients who choose to sign a waiver preventing them from filing their claim and pay cash instead for their visit at Satellite Med Imaging, LLC may require more expensive testing than anticipated. At this time, the Applicant expects that it will refer these patients to a Medicare accepting diagnostic center of their choice for these tests.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

The Applicant projects that the payor mix at Satellite Med Imaging, LLC will be consistent with the experience of Satellite Med, PLLC, namely, 35% private pay and 65% commercial insurance; however, the amount billed to insurance at Satellite Med Imaging, LLC will include the \$425 charge. Although insurance providers may pay higher on some claims, it is the experience of Satellite Med, PLLC that, since there are so many different policies with different deductibles, including separate imaging deductibles for some, co-pays and coinsurance, a lot of the imaging reimbursements are passed on to the patient as patient responsibility. Satellite Med, PLLC has observed two truths about these balances. First, there is a disparity between those who pay this higher amount out of pocket versus private pay for the same test. Secondly, some age out and end up in collections due to the high balance. The Applicant believes a more modest charge with a higher volume will increase the revenue the same because more will actually be paid. Patients will appreciate the Applicant's attention to their out of pocket expenses coupled with quality services and want to return for more services.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

As shown on the Projected Data Chart, the Applicant's annual expenses for year one including the start up debt service and provisions for charity care, TennCare patients and Bad Debt totals \$487,044. This amount will be covered with 1146 MRIs annually which equates to 22 MRI's per week. The projected 54 MRI's per week will meet this number. The Applicant will have operating cash built in to the financing package from the lender. In year two, the Applicant anticipates MRI studies increasing from 63 per week for a total of 3290 annually. The Applicant anticipates even more growth in future years. The Applicant's capability exceeds that envisioned by the Planning Commission given its expanded days and hours of operation -- open 6 days a week, 52 weeks a year with 12 hour.

Stationary MRI Units: 1.20 procedures per hour x 11 hours per day x 5 days per week plus 8.4 for Saturday x 52 weeks = 3868 scans annually. The Planning Commission states that 3,600 is the full capability of a stationary MRI. This indicates that the Applicant will have a lot of room for growth.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Satellite Med Imaging, LLC will opt out of Medicare so that it can offer less than Medicare fees on many of its services. It also will not accept TennCare. The Applicant will allow Medicare and TennCare patients to pay out of pocket to benefit from its discounted cash fee schedule. For tests that are still cost prohibitive out of pocket, the Applicant will arrange for the patient to be referred to facilities that do accept Medicare and TennCare.

In order to contribute to the population of patients who would be served if Satellite Med Imaging, LLC did take Medicare or Tenn. Care, the applicant proposes to allow for two MRI scans per week to be performed without charge.

Satellite Med, LLC does serve medically indigent patients. It anticipates that, like Satellite Med, PLLC, it will see a 35% base of uninsured patients. The Applicant will also target the medically underinsured -- those patients who are employed; however, their annual salary is not enough to handle high monthly premiums. Consequently, they have either no insurance or high deductible plans. The affordable out of pocket fees lessens the impact of the high deductible on the weekly paycheck. Some employers are self insured and are watching their out of pocket expenses closely. The Applicant will help self insured employers as well with its affordable fee schedule so that they can continue to provide healthcare to their employees.

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Payor Type	2013 Procedures	2013 Gross Revenue	2014 Procedures	2014 Gross Revenue
Charity Care	104	\$44,200 Deducted from Gross	104	\$44,200 Deducted from Gross
Commercial Insurance	1,046	\$444,550	1,046	444,550
Private Pay	567	\$240,975	567	240,975
Other (referrals)	1088	\$462,400	1517	\$644,725
TOTAL	2805	\$1,192,125	3234	\$1,374,450

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

The Balance Sheet and income statement for the first two quarters in 2012 for Satellite Med PLLC are attached as requested and labeled Attachment C Economic Feasibility 10.

The fact that Satellite Med, PLLC has limited liquidity makes the project more attractive to the Applicant. The commitment from Mr. Julian to invest in the project allows Satellite Med Imaging, LLC to add a service that is very needed to help the patients with their out-of-pocket expenses while still helping Satellite Med, PLLC increase its cash flow. With more cash flow from the sharing of major expenses, Satellite Med, PLLC can dedicate more monies to debt reduction whereby increasing the ratios closer to 1.25:1 to improve its position in order to expand to future locations in Tennessee

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

See response to MRI Standards and Criteria Item #3 hereinabove.

a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

See response to MRI Standards and Criteria Item #3 hereinabove.

b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

The applicant is not proposing new construction for the project but rather the renovation of space already being leased by Satellite Med, PLLC. Currently, this is space being used only as storage and has great potential to bring in revenue for the company to offset a percentage of the lease fees being incurred. The storage space can easily be relocated; the magnet can be installed relatively easily as compared to installation at another existing facility. It will require the removal of outer panels of the building, however once accessed, installation will be simple and the completion of the project minimal. Having the imaging suite separate from the medical practice will add to the safety of the suite since it will be isolated from the other patients and employees thereby limiting its access by anyone with ferrous metal on their person.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

The Applicant has identified all health care providers in Attachment Section C Orderly Development of Healthcare-I, who it has contacted about its plan to acquire an MRI machine and establish an outpatient diagnostic center. These providers are aware that Satellite Med Imaging, LLC will be offering MRI to patients at the deeply discounted price of \$425 per study including the reading fee. Providers will be asked to get the studies pre-certified for their insurance patients. They will also be given instructions on how to log in to the Satellite Med Physician portal in order to view their patient's images and reports.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

As stated elsewhere in this application, Satellite Med Imaging, LLC expects that the vast majority of its patients will be referred by Satellite Med, PLLC. The two (2) existing MRI providers in Putnam County, who are operating at capacity, will lose the referrals of Satellite Med, PLLC's 25 patients per week (approximately 12 patients per week per provider) unless the patients have Medicare or TennCare and choose not to pay out of pocket at Satellite Med Imaging, LLC. There are also patients who cannot tolerate the closed MRI who will continue to be referred by Satellite Med PLLC providers to existing providers offering open MRI. Some high risk patients that are going to the hospital anyway also may be referred to the Cookeville Regional Medical Center for their MRI studies in order to expedite their admission. The Applicant believes that the patient comes first, and if, for any reason, the patient would do better at a different facility, Satellite Med, LLC will not hesitate to refer them.

The positive effects associated with having a lower cost diagnostic alternative provider with expanded operating times in the service area have been described in detail

throughout this application. The fee schedule offered by Satellite Med Imaging, LLC might prove to be a catalyst to cause other healthcare facilities to lower their prices in the community thereby helping to decrease the overall runaway cost of healthcare. Patients will get timely MRI's with this proposal as they will no longer face current scheduling delays existing at the current MRI providers in the area.

The Applicant does not anticipate that the added service that it will provide will have much, if any, impact on the existing providers of MRI in the service area. The Applicant has a different target population than they do -- where they desire the insurance paying patient with good reimbursements, the Applicant is striving to help patients "who would if they could" get an MRI but right now with the cost so high they can't. The Applicant is also targeting those patients without insurance and those with high deductibles and are trying to decrease their out of pocket costs.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

The plan is to use Certified MRI technicians. With the current hours proposed, the Applicant anticipates that it will need 1 full time and 1 part time MRI technician and 1 full time Radiology Technician. All of the staff will be in the mean salary range for their respective positions. The salary for the MRI technician will be \$25 per hour or \$52,000 annually plus benefits. The Radiology Technician will be paid \$16 per hour or \$33,280 annually. The Applicant will offer paid time off which will accrue with each week worked, health insurance for the employee with the family plan available by payroll deduction, a long term disability benefit paid 1/2 by the company and 1/2 by the employee. The Applicant will also offer several other benefits that are the employee's responsibility but are a part of a group and can be paid by payroll deduction. These include life, dental, vision, accident, cancer and short term disability insurance plans. Another benefit for the staff, full time or part time, will be the availability of the urgent care clinic of Satellite Med, PLLC and providers at a deeply discounted rate for their families' medical needs.

The mean salary for MRI Technician on Salary.com, payroll.com and salary wizard is \$55k annually for the Upper Cumberland region. The Applicant believes that the added benefits described in the foregoing paragraph combined with a reputation as being a caring and compassionate place to work, the salary proposed will be competitive and acceptable.

As for a receptionist, the Applicant will need 1 full time employee and 1 part time employee. The Applicant's base pay for this position will be \$8 per hour. Any prior experience will be compensated hourly based upon a formula.

Job description for both positions are attached as Attachment C-Orderly development of Health Care-3.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

Satellite Med, PLLC has a Human Resource department that Satellite Med Imaging, LLC will share. Satellite Med, PLLC is in compliance with all laws and mandates regarding the Americans with Disabilities Act. Accommodations will be made as needed. Satellite Med, PLLC currently staffs its clinic with 97 employees. It is OSHA and HIPAA compliant and has an Employee Assistance Program in place.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

The Applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Satellite Med, PLLC incorporates teaching on many fronts and the Applicant will do the same. Premed or nursing students are hired as scribes. To date the PLLC has had 99% acceptance rate of its premed students into medical schools. They stand heads above other applicants at their interview due to their exposure to medical terminology and their familiarity and comfort with medicine after spending time following doctors at Satellite Med, PLLC.

Students from nursing school, medical assistant programs, Nurse Practitioner and Physician Assistant programs complete their clinical rotations at Satellite Med, PLLC. They are supervised and provided a preceptor who mentors them while at Satellite Med, PLLC. The schools and programs value the comprehensive experience their students get at Satellite Med, PLLC.

Additionally, some high school students job shadow as part of their program to help them choose a career path.

No residency programs come to Satellite Med, PLLC as part of their program at this time but the practice has sent correspondence to UT Family Practice requesting that it become a site for their residents. The Applicant anticipates that it will invite radiology students to the outpatient diagnostic center and that this will become a favored place for these students to spend some of their time while in clinical training.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health

and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

The Applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and applicable Medicare requirements.

(b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: *Tennessee Department of Health*

Accreditation: *American College of Radiology*

(c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

Not applicable.

Satellite Med, PLLC's radiation department is American College of Radiology accredited through September 2015. Satellite Med, PLLC's Lab has a current Clinical Laboratory Improvement Amendments Certificate of Compliance. Both certificates are attached as Attachment C Orderly Development of Health Care-7c.

(d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

There have been no deficiencies cited.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

Not applicable.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

Not applicable.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency

Section B- Project Description

information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

If approved, Satellite Med Imaging, LLC will submit all information required; number of MRI studies, number of CT Studies and related charges in a timely manner. Any other information requested as it pertains to this proposal will be submitted if needed.

PROOF OF PUBLICATION

2012 OCT 15 AM 10:37
Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

Attached as requested.

DEVELOPMENT SCHEDULE

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

Completed as requested and attached as Project Completion Forecast Chart

2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.

Not applicable.

Attachment B-1.

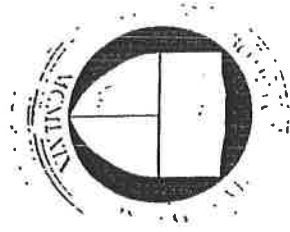
Names of Physicians at Satellite Med, PLLC with certification

Physicians at Satellite Med, PLLC

1. Dr. James W. Cates, Jr.boarded in Family Practice
2. Dr. Matthew Boltonboarded in Family Practice
3. Dr. Christopher P. Dillboard eligible in Family Practice and Internal Medicine
4. Dr. Carol F. Bergboarded in Urgent Care
5. Dr. Dave Bargerboarded in Emergency Medicine

2012 OCT 15 AM 10:38

American Board of Family Medicine



James Wilson Gates Jr, M.D.
is a Diplomate of this Board and
having met its continuing requirements is hereby

Recertified

as a

Diplomate

2009-2016



President

THE UNIVERSITY of TENNESSEE
HEALTH SCIENCE CENTER

COLLEGE OF MEDICINE

DEPARTMENTS OF MEDICINE AND PEDIATRICS

To All to Whom These Presents Shall Come,
Greetings

Be it known that

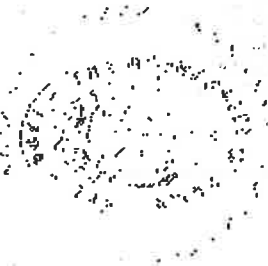
Christopher Parish Dill, M.D.

Is hereby granted this certificate for having performed his/her duties
faithfully and satisfactorily in the capacity of

Resident in Internal Medicine and Pediatrics
June 23, 2007 - June 30, 2011

In Witness whereof we have hereunto set
our hands this 30th day of June, 2011

Walter Thompson
Program Director
Raymond
Chairman of Medicine
Raymond
Chairman of Pediatrics



David W. ...
Dean
William ...
Chairman



American Board of Family Medicine

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(859) 335-7517
Web: www.theabfm.org

A Member Board of the
American Board of
Medical Specialties

November 29, 2007

To Whom It May Concern:

This letter verifies Matthew Michael Bolton, MD is currently certified with the American Board of Family Medicine (ABFM).

Family Medicine Certification History:

Jul 22, 2005 - Dec 31, 2012

Jul 10, 1998 - Jul 21, 2005

Jul 12, 1991 - Jul 09, 1998

Certification is time-limited for a period of seven years and is renewed through successful completion of the Recertification Examination.

Physicians whose last certification period in Family Medicine began on or after July 11, 2003 will enter Maintenance of Certification for Family Physicians (MC-FP). Through satisfactory participation in the MC-FP process, physicians complete requirements for their next period of certification. Physicians who meet requirements through the first six years of participation in MC-FP will have their current certification extended for three additional years. Physicians who do not fulfill the requirements through the first six years of MC-FP will retain a seven-year certificate.

Sincerely,

Ruth Morgan
Verifications Coordinator

2012 OCT 15 AM 10:38

American Board of Urgent Care Medicine

hereby awards

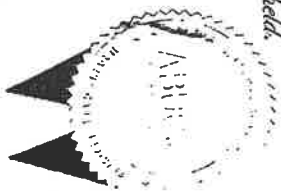
Carol J. Berg, M.D.

with the designation

Diplomate of the American Board of Urgent Care Medicine

Having passed the examination and presented to the Executive Board of the American Board of Urgent Care Medicine satisfactory evidence of the prescribed qualifications with all rights and privileges pertaining thereto, providing the American

Board of Urgent Care Medicine Principles of Professional Practice are upheld.



Board Certified Membership Number

99659

Issued November 4, 2008

Rescinded January 18, 2012

Expired January 18, 2020

ABUCM
American Board of Urgent Care Medicine
Membership Number

[Signature]
President

This certificate is the property of the American Board of Urgent Care Medicine and in the event of its suspension, revocation or invalidation for any reason, it must on demand be returned to the American Board of Urgent Care Medicine.

142 East Ontario Street, Chicago, IL 60611-2884 ph 312 202 8000 | 800 621 1773

040789

July 6, 2010

David R. Barger, DO, MS
PO Box 2906
Cookeville, TN 38502-2906

Dear Dr. Barger:

I am pleased to advise you that the Executive Committee of the Bureau of Osteopathic Specialists of the American Osteopathic Association APPROVED the recommendation of the American Osteopathic Board of Emergency Medicine to recertify you as follows:

Emergency Medicine; Certificate Number 889

Effective Date of Recertification - 06/24/2010 through 12/31/2020

Your effective date of recertification coincides with the date on which you were notified by the American Osteopathic Board of Emergency Medicine of completion of all requirements for certification, and is verified by this letter. The American Osteopathic Board of Emergency Medicine is presently preparing a certificate. As soon as it has been lettered and signed by the appropriate officers, the secretary of the specialty board will mail it to you.

Congratulations on your accomplishment. If you have any questions about your certificate, please contact the American Osteopathic Board of Emergency Medicine at (312) 335-1065.

Sincerely Yours,



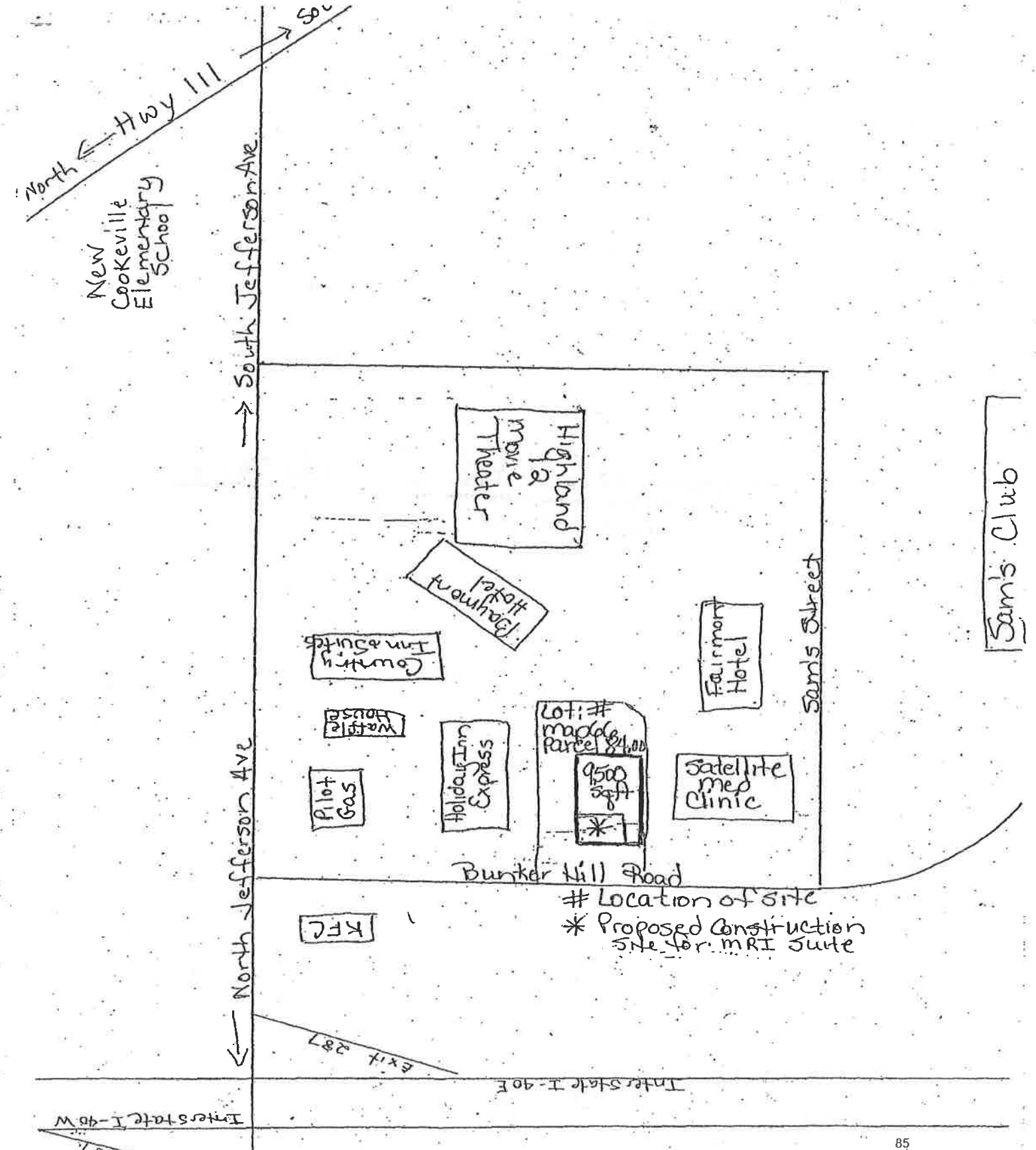
Cheryl Gross, MA, CAE, Secretary

CG/eb
cc: Specialty Board
Specialty College
AOA Manager, Certification

BOSRef:

Attachment C-III.A.1.

Plot plan for Satellite Med Imaging, LLC



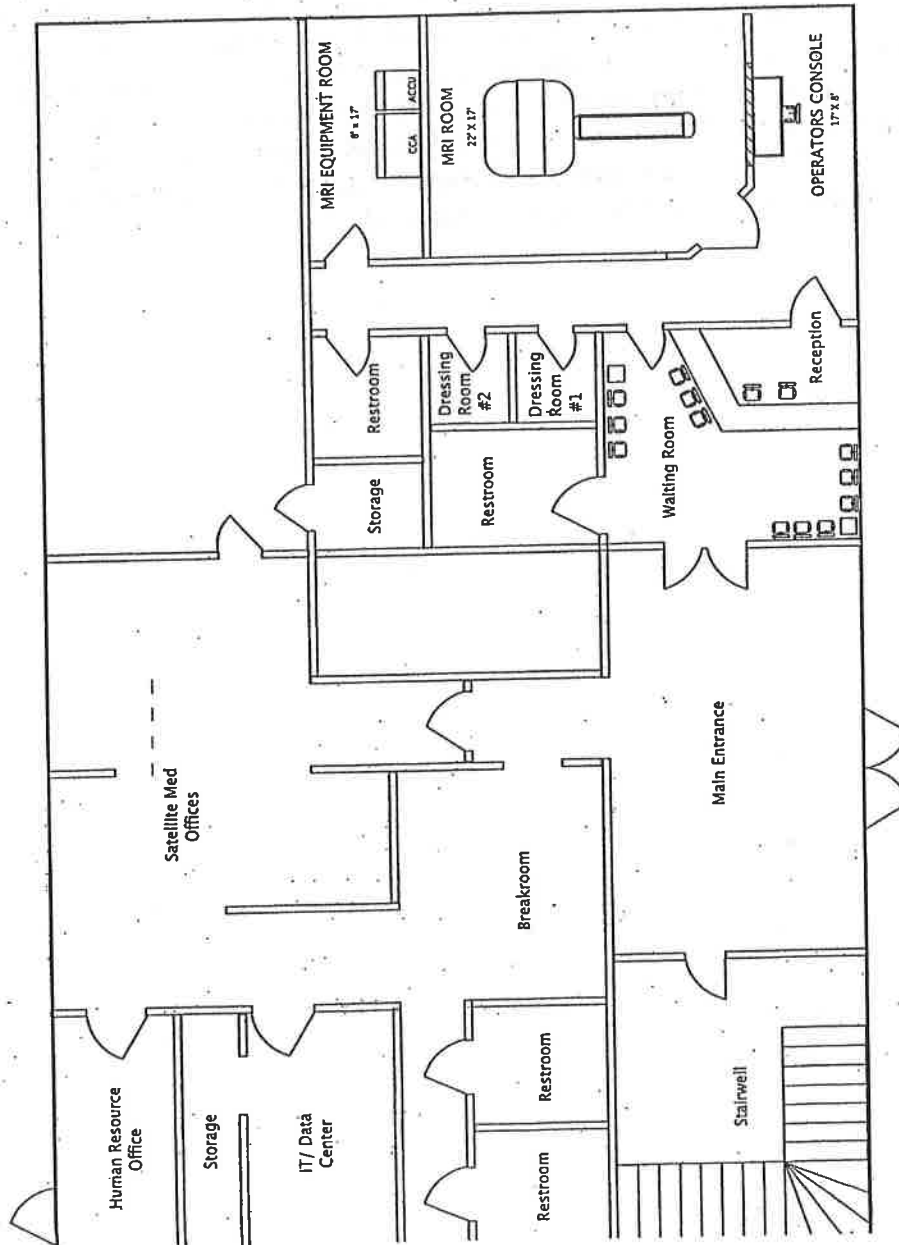
For **Attachment C-III.A.1.**

Satellite Med, PLLC fronts 1120 Sam's Street and Bunker Hill runs east west along its side. The proposed site for Satellite Med Imaging, LLC is on Bunker Hill adjacent to the clinic back entry doors. There will not be an attachment at this time nor a covered walkway; however the parking lots communicate with each other making the transition from one location to the other easy for the patients. Normally, MRI's are not emergent, therefore, the studies will often be schedule on another day than the visit in the clinic.

Attachment C-IV.B.4.

Floor plan for Satellite Med Imaging, LLC

Satellite Med Cookeville, Tn



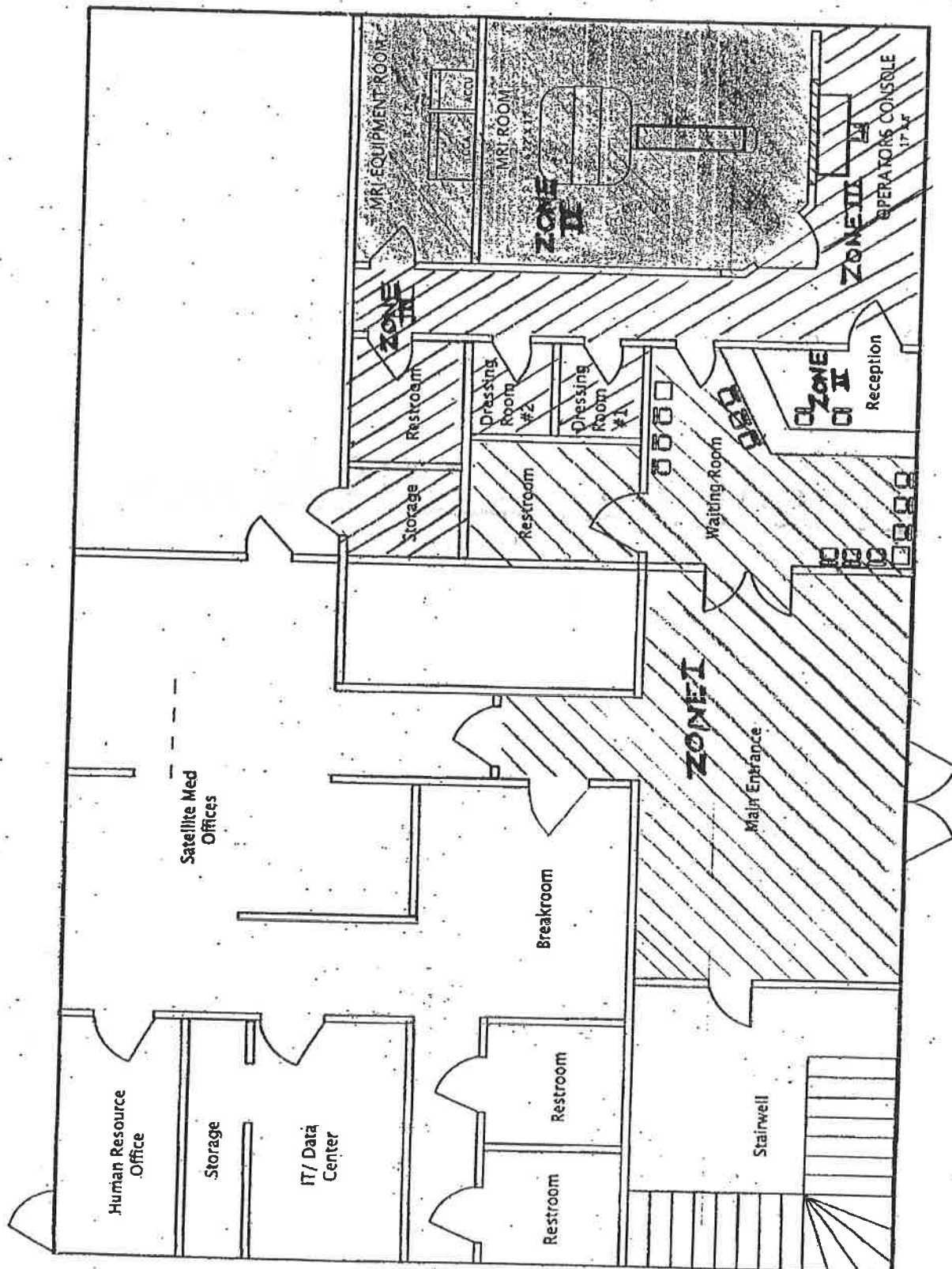
Attachment C-IV.B.4.

Of the 9,500 total sq .ft in the building drawn on the attachment for Section C-IV.B.4., 5,000 of them are on the first level. The main entrance opens in a foyer. It has approximately 600 sq ft and its ceiling is open to the top of the two story building. The space directly beyond the front doors and to the left of the page is the 2,200 sq ft of office space currently being used by Satellite Med, PLLC. The space to the right is the proposed MRI Suite, 1,200 sq ft.. The empty room beyond the back of the MRI wall will be storage space for Satellite Med PLLC offices. It is approximately 600 sq.ft. There are approximately 2,000 sq ft. of finished space vacant upstairs and the remaining square footage can be utilized when more space is required.

Attachment C-MRI.7.c.b.

Floor Plan with zones

Satellite Med Cookeville, Tn



Attachment C-ODC.1.

Letters from providers in Service area

2012 OCT 15 AM 10:39

Attachment C-ODC.1.

State of Tennessee
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

May 22, 2012

Re: Letter for referrals

Dear "Certificate of Need Application" Review Board,

~~This letter is in response to the letter from Dr. Jamie Cates and the foreknowledge of his plans to add an MRI to the offerings a Satellite Med, LLC. I understand that the charge for a MRI study at Satellite Med, LLC will be a flat fee of \$425 including the reading.~~

I have patients who will benefit from this low price and will refer patients to Satellite Med, LLC for MRI studies. I anticipate 120+ referrals per year and 50+ would be patients who would not be able to get the scan otherwise due to cost.

Respectfully submitted,

Wanda Leafe NP-C
NPI 1740565282



Dr. Jim Bolton, DC, ACRB

Board Certified - Physical Rehabilitation Attachment C-ODC.1.

State of Tennessee
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

May 22, 2012

Re: Letter for referrals

Dear "Certificate of Need Application" Review Board,

This letter is in response to the letter from Dr. Jamie Cates and the foreknowledge of his plans to add an MRI to the offerings a Satellite Med, LLC. I understand that the charge for a MRI study at Satellite Med, LLC will be a flat fee of \$425 including the reading.

I have patients who will benefit from this low price and will refer patients to Satellite Med, LLC for MRI studies. I anticipate 25 referrals per year and 15 would be patients who would not be able to get the scan otherwise due to cost.

Respectfully submitted,

280 S Jefferson Ave * Cookeville, TN 38501 * (931) 528-5284 * wellspringfamilycare.com

Attachment C-ODC.1.

State of Tennessee
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

May 22, 2012

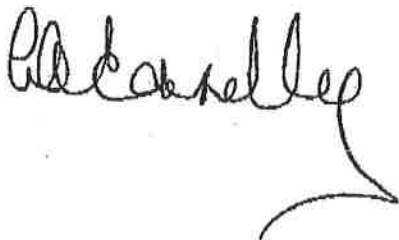
Re: Letter for referrals

Dear "Certificate of Need Application" Review Board,

This letter is in response to the letter from Dr. Jamie Cates and the foreknowledge of his plans to add an MRI to the offerings a Satellite Med, LLC. I understand that the charge for a MRI study at Satellite Med, LLC will be a flat fee of \$425 including the reading.

I have patients who will benefit from this low price and will refer patients to Satellite Med, LLC for MRI studies. I anticipate 10-20 referrals per year and 10-15 would be patients who would not be able to get the scan otherwise due to cost.

Respectfully submitted,



Attachment C-ODC.1.

State of Tennessee
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

May 22, 2012

Re: Letter for referrals

Dear "Certificate of Need Application" Review Board,

This letter is in response to the letter from Dr. Jamie Cates and the foreknowledge of his plans to add an MRI to the offerings a Satellite Med, LLC. I understand that the charge for a MRI study at Satellite Med, LLC will be a flat fee of \$425 including the reading.

I have patients who will benefit from this low price and will refer patients to Satellite Med, LLC for MRI studies. I anticipate 40 referrals per year and 20 would be patients who would not be able to get the scan otherwise due to cost.

Respectfully submitted,

Joseph TOKARUK



Roger Gordon Vieth, M.D.
Melvin L. Butler, M.D.
Norman Max Atnip, D.C., F.I.C.C.
Julie Elizabeth Boyd, N.P.
Shannon Brandfass, N.P.A., P.A.-C.
Attachment C-ODC.1.

State of Tennessee
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

May 22, 2012

Re: Letter for referrals

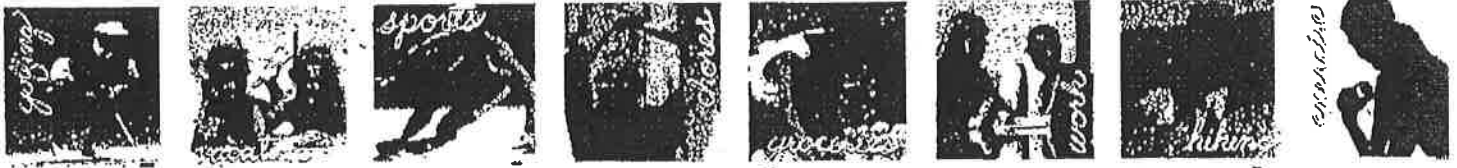
Dear "Certificate of Need Application" Review Board,

This letter is in response to the letter from Dr. Jamie Cates and the foreknowledge of his plans to add an MRI to the offerings a Satellite Med, LLC. I understand that the charge for a MRI study at Satellite Med, LLC will be a flat fee of \$425 including the reading.

I have patients who will benefit from this low price and will refer patients to Satellite Med, LLC for MRI studies. I anticipate 5-10 referrals per year and all would be patients who would not be able to get the scan otherwise due to cost.

Respectfully submitted,

Shannon L Brandfass per

**CHIROPRACTIC CARE****DR. TODD F. FROEHLICH**

Chiropractic Physician

*"Better health for a better life through chiropractic care"*Attachment C ODC 1
CHIROPRACTIC WORKS

440 S. Lowe Ave., Ste. #28

Cookeville, TN 38501

www.ChiroWorksInfo.com

(931) 520-4040

State of Tennessee
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

May 22, 2012

Re: Letter for referrals

Dear "Certificate of Need Application" Review Board,

This letter is in response to the letter from Dr. Jamie Cates and the foreknowledge of his plans to add an MRI to the offerings a Satellite Med, LLC. I understand that the charge for a MRI study at Satellite Med, LLC will be a flat fee of \$425 including the reading.

I have patients who will benefit from this low price and will refer patients to Satellite Med, LLC for MRI studies. I anticipate 24 referrals per year and 24 would be patients who would not be able to get the scan otherwise due to cost.

Respectfully submitted,

State of Tennessee
Health Services and Development Agency
500 Deadrick Street, Suite 850
Nashville, Tennessee 37243

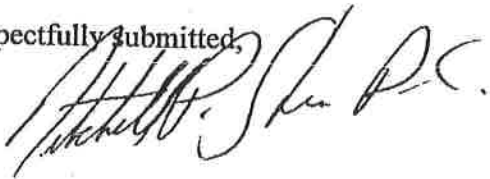
September, 11, 2012

Re: Letter for referrals

Dear "Certificate of need Application" Review Board,
This letter is in response to the letter from Dr. Jamie Cates and the foreknowledge of his plans to add an MRI to the offerings a Satellite Med Imaging, LLC. I understand that the charge for a MRI study at Satellite Med Imaging, LLC will be a flat fee of \$425 including the reading. ~~Furthermore, it is my understanding that Satellite Med Imaging, LLC will be performing CT scans for the flat fee of \$275 including the reading.~~

I have patients who will benefit from this low price and will refer patients to Satellite Med Imaging, LLC for MRI studies. I anticipate 48 referrals per year for MRI and 20 for CT Scans. Of these patients 30 and 50 respectfully would be patients who would not be able to get the scans otherwise due to cost.

Respectfully submitted,



State of Tennessee
Health Services and Development Agency
500 Deadrick Street, Suite 850
Nashville, Tennessee 37243

September, 11, 2012

Re: Letter for referrals

Dear "Certificate of need Application" Review Board,
This letter is in response to the letter from Dr. Jamie Cates and the foreknowledge of his plans to add an MRI to the offerings a Satellite Med Imaging, LLC. I understand that the charge for a MRI study at Satellite Med Imaging, LLC will be a flat fee of \$425 including the reading. Furthermore, it is my understanding that Satellite Med Imaging, LLC will be performing CT scans for the flat fee of \$275 including the reading.

I have patients who will benefit from this low price and will refer patients to Satellite Med Imaging, LLC for MRI studies. I anticipate 10-20 referrals per year for MRI and 10-20 for CT Scans. Of these patients 5-10 and 5-10 respectfully would be patients who would not be able to get the scans otherwise due to cost.

Respectfully submitted,

Kenny W. Lynn MD.
9/13/12

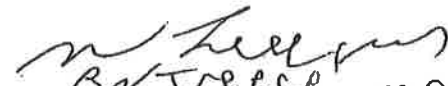
State of Tennessee
Health Services and Development Agency
500 Deadrick Street, Suite 850
Nashville, Tennessee 37243

September, 11, 2012

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Dear "Certificate of need Application" Review Board,
This letter is in response to the letter from Dr. Jamie Cates and the foreknowledge of his plans to add an MRI to the offerings a Satellite Med Imaging, LLC. I understand that the charge for a MRI study at Satellite Med Imaging, LLC will be a flat fee of \$425 including the reading. Furthermore, it is my understanding that Satellite Med Imaging, LLC will be performing CT scans for the flat fee of \$275 including the reading.

I have patients who will benefit from this low price and will refer patients to Satellite Med Imaging, LLC for MRI studies. I anticipate 5 referrals per year for MRI and 50 for CT Scans. Of these patients 2 and 20 respectfully would be patients who would not be able to get the scans otherwise due to cost.


Respectfully submitted, no

State of Tennessee
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

May 22, 2012

Re: Letter for referrals

Dear "Certificate of Need Application" Review Board,

This letter is in response to the letter from Dr. Jamie Cates and the foreknowledge of his plans to add an MRI to the offerings a Satellite Med, LLC. I understand that the charge for a MRI study at Satellite Med, LLC will be a flat fee of \$425 including the reading.

I have patients who will benefit from this low price and will refer patients to Satellite Med, LLC for MRI studies. I anticipate 5 referrals per year and 5 would be patients who would not be able to get the scan otherwise due to cost.

Respectfully submitted,

Gary Reynolds MD
Gary Reynolds MD
Cookeville TN

State of Tennessee
Health Services and Development Agency
500 Deadrick Street, Suite 850
Nashville, Tennessee 37243

September, 11, 2012

Re: Letter for referrals

Dear "Certificate of need Application" Review Board,

This letter is in response to the letter from Dr. Jamie Cates and the foreknowledge of his plans to add an MRI to the offerings a Satellite Med Imaging, LLC. I understand that the charge for a MRI study at Satellite Med Imaging, LLC will be a flat fee of \$425 including the reading. Furthermore, it is my understanding that Satellite Med Imaging, LLC will be performing CT scans for the flat fee of \$275 including the reading.

I have patients who will benefit from this low price and will refer patients to Satellite Med Imaging, LLC for MRI studies. I anticipate 48 referrals per year for MRI and 4 for CT Scans. Of these patients 15-20 and 0 respectfully would be patients who would not be able to get the scans otherwise due to cost.

Respectfully submitted,

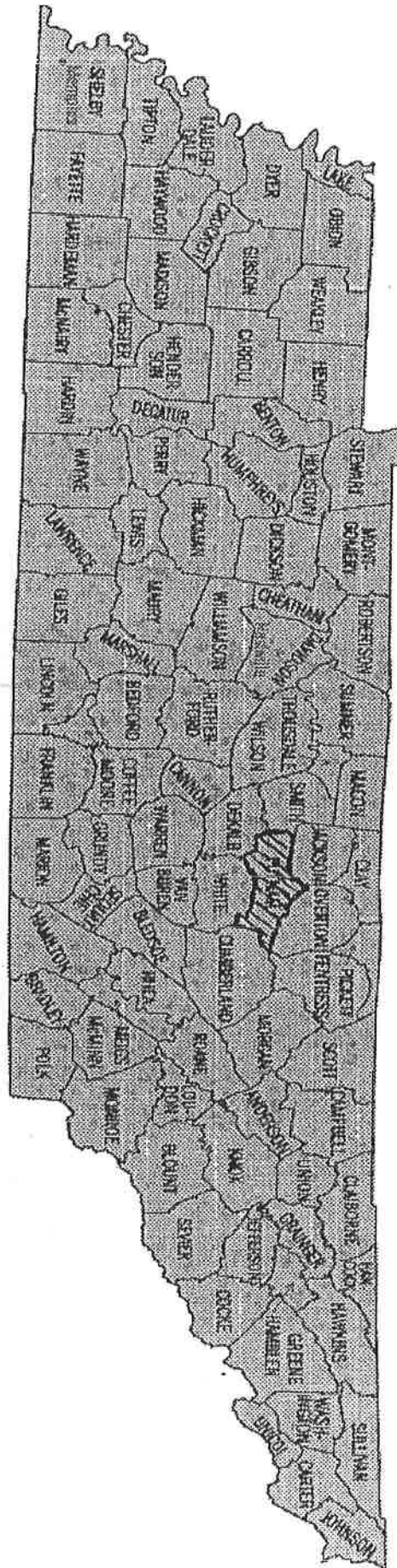
Attachment C-ODC.3.3.a.

Utilization Data from HSDA

2012 OCT 15 AM 10: 39

Health Care Providers that Utilize MRI's								
County	Provider Type	Provider	Year	Number of	Mobile ?	Mobile Days Used	Total Procedures	Total Charges
Putnam	HOSP	Cookeville Regional Medical Center	2009	2	Fixed	0	6946	\$11,490,197.00
Putnam	HOSP	Cookeville Regional Medical Center	2010	2	Fixed	0	7109	\$12,092,594.00
Putnam	HOSP	Cookeville Regional Medical Center	2011	2	Fixed	0	8001	\$13,445,937.00
Putnam	ODC	Premier Diagnostic Imaging, LLC	2009	2	Fixed	0	5163	\$8,202,067.00
Putnam	ODC	Premier Diagnostic Imaging, LLC	2010	2	Fixed	0	5495	\$6,593,572.00
Putnam	ODC	Premier Diagnostic Imaging, LLC	2011	2	Fixed	0	5707	\$6,652,269.00
Medical Equipment Registry - 8/23/2012								

Attachment C-ODC.3.3.b.
Tennessee Map with service area identified



Attachment C-Economic **Feasibility.1.**

Project Cost Chart with an explanation page

Attachment C-Economic Feasibility.1.

PROJECT COSTS CHART

A. Construction and equipment acquired by purchase:	
1. Architectural and Engineering Fees	0
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$12,000
3. Acquisition of Site	0
4. Preparation of Site	\$41,000
5. Construction Costs	\$32,000
6. Contingency Fund	0
7. Fixed Equipment (Not included in Construction Contract)	\$318,700
8. Moveable Equipment (List all equipment over \$50,000)	0
9. Other (Specify) <u>see attachment</u>	\$30,000
B. Acquisition by gift, donation, or lease:	
1. Facility (inclusive of building and land)	\$169,125
2. Building only	NA
3. Land only	NA
4. Equipment (Specify) <u></u>	NA
5. Other (Specify) <u></u>	NA
C. Financing Costs and Fees:	
1. Interim Financing	NA
2. Underwriting Costs	NA
3. Reserve for One Year's Debt Service	\$96,000
4. Other (Specify) <u></u>	
D. Estimated Project Cost (A+B+C)	\$698,825
E. CON Filing Fee	\$3,000
F. Total Estimated Project Cost (D+E)	\$701,825
TOTAL	
	\$701,825

Attachment for Project Costs Chart

A-7 Fixed equipment includes the equipment price plus the de install, re install with riggers, the storage with helium charge, the chiller, additional 7 months of storage, the applicable taxes and \$50,000 for a maintenance agreement.

A-9

Description of Equipment	Cost of Equipment
MR approved Supplies	
Wheelchair	\$1,300
O2 tank	\$200
Emergency box	\$200
Stool	\$400
Computers-2, Phones (2)- Printer/scanner/copier(1)	\$2,500
Office chairs(2)	\$400
Lobby chairs(12) and tables(2) and lamps(2)	\$1,000
Soft ware upgrade for PACs with new server	\$24,000

B-1

Amount for the building and land was determined by the total cost of the building, $1,353,000 \times 1/8 (12.6\%) = \$169,125$. The value of 1/8 was determined by the sq footage used for the project; it is 1,200 sq ft which is 1/8 of the total 9,500 sq ft.

Attachment C-Economic **Feasibility.2.**

Letter stating reasonableness of project from Bob Lane

9/27/2012

Satellite Med, LLC
1300 Bunker Hill Rd.
Cookeville Tenn. 38506

RE: Proposal for Renovation

Dear Dr. Cates,

I will renovate the 1,200 sq ft of space at the 1300 Bunker Hill Rd. property in Cookeville, Tn for \$32,000 turn key. This includes all labor and material. The HVAC currently located at the building will be sufficient for the office area; however, the shielded room where the magnet will be located will require its own unit. The price includes the new unit and all duct work for these units. The City of Cookeville will have to put in a new pole and connection to provide the needed voltage for the magnet and chiller and this is included with all electrical wiring. The Chiller will require additional plumbing to the magnet and this is included in the bid.

The only cost not included in this bid is the RF room which Rick Collier will provide all labor and material. We will work together allowing for time for both to be completed as scheduled. This bid is reasonable.

Respectfully Submitted,



Bob Lane
Lane Construction
1590 E. Main Street, Suite C
Cookeville, Tenn. 38506

Attachment C-Economic **Feasibility.2.a.**

Documentation from Roger Julian pertaining to funding project

State of Tennessee
Health Services and Development Agency
500 Deadrick Street Suite 850
Nashville, Tennessee 37243

October 8, 2012

Tennessee Health Services and Development Agency,

I have met with Dr. James Cates and have had extensive discussions concerning his mission to help the patients in the Upper Cumberland. It is his desire to add MRI services to his clinic Satellite Med as part of this mission.

I see the economic feasibility of the project and have committed to help him with it financially. I will loan him \$435,000 for the project in total. The interest rate we discussed is 8% with a 7 year term. The first year's interest and principal will be paid as a balloon payment which will help with the operational cash until the number of studies is reached monthly.

The 2000 Sieman Symphony will be held as collateral and a loan for the additional \$285,000 will be held against his clinic until December 2019.

Sincerely,



Roger Julian
5512 Mt. Herman Rd.
Cookeville Tennessee, 38506

2012 OCT 15 AM 10:39

REGIONS

May 22, 2012

To whom it may concern:

Roger Julian has funds available to finance \$500,000 for Dr. James Cates and Satellite Medical Center to purchase an MRI machine.

Sincerely,



Emily D. Dill

Consumer Banking Officer

931-372-6612

Attachment C-Economic **Feasibility.2.d.**

Square footage chart and letter from Bob Lane describing project in detail.

October 4, 2012

State of Tennessee
Health Services and Development
500 Deadrick Street Suite 850
Nashville, Tennessee 37243

Re: Siemens Symphony ACR accreditation

Tennessee Health Services and Development Agency,

My name is Bob Lane and I am a construction professional as well as a building and code inspector for Tennessee. I have submitted a bid for the Satellite Med Imaging, LLC project located at 1300 Bunker Hill Road and have been selected by Dr. Jamie Cates for the job.

The job will entail the renovation of 1,200 square feet of space currently being used for storage. Interior walls will be erected to create a lobby with an ADA restroom, registration desk, hallway with dressing room and another ADA restroom, Computer workstation for the Radiology Technician, and a computer room for the actual MRI and a small storage room. The RF room will be constructed to FDA specifications by Rick Collier with Clear View Equipment. A 9 foot drop ceiling will be placed while the existing tile floor will be utilized except in the RF room where it will be removed in order to shield the floor properly. All electrical and plumbing is included. The bid for the project is included with this application and is \$32,000 excluding the RF room which is included in the Clear View bid.

With my background and current licensure as a Building Inspector, I guarantee that a physical environment will be constructed which applies to all applicable federal, state and local construction codes, standards, specifications and requirements. Any specific codes and requirements including the 2006 AIA Guidelines for Design and Construction of Hospital and HealthCare facilities and Department of Health Rules pertaining to Outpatient Diagnostic Centers will be strictly adhered to.

I have considered the influence of the magnetic field in determining the cost of the project. There are zones allocated and the construction will assure these zones are maintained. They will properly be accessible by the persons designated.

I have met with Mr. Collier and reviewed all paper work pertaining to the Seiman's Symphony, the electrical supply currently is a 3 phase service with 120208 volts but needs 480277 volts for the 1.5Tesi. This has been included in the bid.

Since the project is less than 5,000 square feet, the plans do not necessitate the review from a licensed architect. I have reviewed the plans and determined the projected cost and as a reputable construction professional, I have deemed the project ready to proceed.

Respectfully Submitted,



Bob Lane

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/SF		
					Renovated	New	Total	Renovated	New	Total
MRI Room & Equipment Administrative					650 550		650 550			
B. Unit/Depart. GSF Sub-Total										
C. Mechanical/Electrical GSF					included in above					
D. Circulation Structure GSF					included in above					
E. Total GSF					1200		1200	26.66	0	26.66

Attachment C-Economic **Feasibility.4.a.b.c.**

*Historical Data Chart with an explanation page and Financial
Statement for Satellite Med, PLLC*

HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	Year <u>09</u>	Year <u>10</u>	Year <u>11</u>
A. Utilization Data (Specify unit of measure)	36,456 patient visits	37,187 patient visits	37,881 patient visits
B. Revenue from Services to Patients			
1. Inpatient Services	\$ na	\$ na	\$ na
2. Outpatient Services	\$4,944,948	\$5,024,268	\$5,299,188
3. Emergency Services	na	na	na
4. Other Operating Revenue (Specify) <u>Physician's Dispensary</u>	337,497	465,054	524,488
Gross Operating Revenue	\$5,282,445.00	\$5,489,322.00	\$5,823,676.00
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$1,307,800	\$1,030,172	\$1,003,322
2. Provision for Charity Care	\$2,492,172	\$88,837	\$169,807
3. Provisions for Bad Debt	\$88,831	\$121,756	\$154,295
Total Deductions	\$1,421,123.00	\$1,260,765.00	\$1,316,424.00
NET OPERATING REVENUE	\$3,861,322.00	\$4,228,557.00	\$4,507,252.00
D. Operating Expenses			
1. Salaries and Wages	\$1,264,652.00	\$1,453,594.00	\$1,609,384.00
2. Physician's Salaries and Wages	\$593,048.00	\$618,049.00	\$650,783.00
3. Supplies	\$410,683.00	\$547,632.00	\$598,266.00
4. Taxes	\$146,861.00	\$168,465.00	\$195,147.00
5. Depreciation	\$209,302.00	\$184,927.00	\$136,218.00
6. Rent	\$147,537.00	\$191,582.00	\$194,582.00
7. Interest, other than Capital	\$11,891.00	\$10,911.00	\$10,000.00
8. Other Expenses (Specify) <u>See attachment for details</u>	\$902,997.00	\$873,467.00	\$885,555.00
Total Operating Expenses	\$3,686,874.00	\$4,049,633.00	\$4,279,939.00
E. Other Revenue (Expenses) – Net (Specify)	\$ already included	\$ already included	\$ already included
NET OPERATING INCOME (LOSS)	\$174,451.00	\$188,924.00	\$227,313.00
F. Capital Expenditures			
1. Retirement of Principal	\$78,407.00	\$109,832.00	\$141,820.00
2. Interest	\$100,253.00	\$93,269.00	\$81,316.00
Total Capital Expenditures	\$178,660.00	\$203,101.00	\$223,136.00
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	\$-4,209.00	\$-14,177.00	\$-4,177.00

Historical Data Chart- Other expenses

	2009	2010	2011	Jun-12
Advertising	27491	19239	25436	15773
Automobile	422	197	708	0
Collection expense			1636	473
Computer fees	13742	26508	26460	13085
Computer Support	55267	25268	33110	14108
Contributions	2980	115	6955	1050
Dispensing fees	95082	54430	38238	15773
Dues and Subscriptions	1587	2603	2890	1220
GoodWill	267	1420	161	94
imaging fees	16732	18346	12462	3963
insurance	57764	60008	51499	26705
laboratory fees	226888	209820	190573	78067
lease fees	6420	6420	4478	0
legal and accounting	19685	25696	20970	9324
licenses and permits	2860	3106	3694	2095
maintenance fees	111998	113553	114280	39459
meals and entertainment	3371	1012	1451	433
outside services	30580	56682	93365	62223
penalties	921	343	0	155
postage and delivery	20150	4964	8446	3617
professional development	650	1200	1537	800
Radiology fees	108471	133406	138387	70019
refunds	18245	18528	28115	14677
repairs and maintenance	4860	4478	4734	5143
service charges	23910	24755	30735	21681
training	2150	385	1780	466
travel	427	77	1738	0
utilities and Telephone	50077	60908	60590	30298
	902997	873467	904428	430701

SATELLITE MED, LLC
STATEMENTS OF REVENUES AND EXPENSES - INCOME TAX BASIS
Years ended December 31, 2010 and 2009

2012 OCT 15 AM 10:39

	Jan - Dec 2011	Jan - Dec 2010
	\$ 4,507,252	\$ 4,238,557
REVENUES		
OPERATING EXPENSES		
Advertising	25,436	19,239
Amortization Expense	10,004	10,917
Automobile Expense	708	197
Collections Expense	1,636	-
Computer Fees	26,460	26,508
Computer Support	33,110	25,268
Contributions	6,955	1,155
Depreciation Expense	136,218	184,927
Dispensary Fees	38,238	54,430
Dispensary Supplies	373,767	357,412
Dues and Subscriptions	2,890	2,603
Employee Benefits	123,820	108,793
Goodwill	161	1,420
Guaranteed Payments	485,783	453,049
Imaging Fees	12,462	18,346
Insurance	51,499	60,008
Interest Expense	81,316	93,269
Laboratory Fees	190,573	209,820
Laboratory Supplies	83,721	68,314
Lease Fees	4,478	6,420
Legal & Accounting	20,097	25,696
Licenses & Permits	3,694	3,106
Maintenance Fees	114,280	113,553
Meals and Entertainment	1,451	1,012
Medical Supplies	97,410	79,437
Office Supplies	37,649	35,267
Outside Services	93,365	56,682
Payroll Expenses	1,774,384	1,619,594
Payroll Taxes	158,724	134,603
Penalties	-	343
Postage and Delivery	8,446	4,964
Professional Development	1,537	1,200
Radiology Fees	138,387	133,405
Radiology Supplies	5,719	7,202
Refund	28,115	18,628
Rent	194,582	191,582
Repairs and Maintenance	4,734	4,478
Service Charges	30,735	24,755
Taxes	36,423	33,862
Training	1,780	385
Travel	1,738	77
Utilities & Telephone	60,590	60,908
TOTAL OPERATING EXPENSES	4,503,075	4,252,734
OPERATING INCOME (LOSS)	4,177	(14,177)
NET INCOME (LOSS),	\$ 4,177	\$ (14,177)

SEE ACCOUNTANTS' COMPILATION REPORT

Attachment C-Economic **Feasibility.4.d.e.**

Projected Data Chart with an explanation page

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year <u>2013</u>	Year <u>2014</u>
	<u>2805</u>	<u>3234</u>
A. Utilization Data (Specify unit of measure)		
B. Revenue from Services to Patients		
1. Inpatient Services	\$ <u>na</u>	\$ <u>na</u>
2. Outpatient Services	<u>1,182,125.00</u>	<u>1,374,450.00</u>
3. Emergency Services	<u>na</u>	<u>na</u>
4. Other Operating Revenue (Specify) <u>Rental for Corporate offices</u>	<u>\$35,200.00</u>	<u>\$35,200.00</u>
Gross Operating Revenue	\$ <u>1,227,325.00</u>	\$ <u>1,409,650.00</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ <u>28,050.00</u>	\$ <u>32,340.00</u>
2. Provision for Charity Care	<u>\$44,200.00</u>	<u>\$44,200.00</u>
3. Provisions for Bad Debt	<u>\$34,652.25</u>	<u>\$39,993.30</u>
Total Deductions	\$ <u>106,902.25</u>	\$ <u>116,533.30</u>
NET OPERATING REVENUE	\$ <u>1,120,422.75</u>	\$ <u>1,293,116.70</u>
D. Operating Expenses		
1. Salaries and Wages	\$ <u>102,400.00</u>	\$ <u>108,048.00</u>
2. Physician's Salaries and Wages	<u>0</u>	<u>0</u>
3. Supplies	<u>\$38,200.00</u>	<u>\$51,700.00</u>
4. Taxes	<u>\$17,199.00</u>	<u>\$19,500.00</u>
5. Depreciation	<u>\$38,000.00</u>	<u>\$38,000.00</u>
6. Rent	<u>\$92,400.00</u>	<u>\$98,604.00</u>
7. Interest, other than Capital	<u>0</u>	<u>0</u>
8. Other Expenses (Specify) <u>see attachment for details</u>	<u>\$35,729.00</u>	<u>\$430,214.00</u>
Total Operating Expenses	\$ <u>624,508.00</u>	\$ <u>744,066.00</u>
E. Other Revenue (Expenses) -- Net (Specify)	\$ <u>0</u>	\$ <u>0</u>
NET OPERATING INCOME (LOSS)	\$ <u>495,914.75</u>	\$ <u>549,049.00</u>
F. Capital Expenditures		
1. Retirement of Principal	\$ <u>45,898.00</u>	\$ <u>49,217.00</u>
2. Interest	<u>\$26,545.00</u>	<u>\$23,226.00</u>
Total Capital Expenditures	\$ <u>\$72,443.00</u>	\$ <u>\$72,443.00</u>
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	\$ <u>423,471.75</u>	\$ <u>476,606.90</u>

Projected Data Chart Explanations

- A. Utilization averages to be 9 per day the first year and 10 per day the second year.
- B.2. Revenue is based on \$425 for each MRI. This is across the board whether the patient has insurance or not and whether the patient has contrast or not and includes the reading fees by a radiologist.
- B. 4. Other operating income is rent from Satellite Med, PLLC Office space.
- C. 1. Contractual Deductions is an average of \$10 each this is a high estimate and can not be determined because with most of the insurance scans there will money left on the table; however there are several where there will be a small adjustment before paying.
- C.2. Charity care is based on 2 scans each per week.
- C.3. Bad debt provision is based on 3% of the total.
- D.1. Salaries are for the MRI Technician and Reception clerks (Two Full time Employees and 2 half time employees in the first year and in the second year a 3% raise is reflected.)
- D.2. Physician Salaries are in the management fees.
- D.3. Supplies include, Helium, Contrast, CD's Covers, Office supplies and Medical Supplies for Contrast Scans
- D.4. Taxes are payroll, Suta, Futa, and property. It does not include income taxes.
- D.6. Rent is based on the lease purchase (first year lease and 2nd year purchase (20 yr with 5 yr Am. At 5%))
- D.8. Other expenses includes Management fees (20% of Salaries in corporate offices': IT, Billing, Marketing, Manager for accounts payable and Physician oversight), reading Fees, ACR Fees, Licensing fees and Maintenance fees on the MRI equipment.
- F. 1 and 2. Retirement of principal and interest is the debt (\$425K of which Jamie is securing for the renovation and purchase of the magnet). This will paid in full in 7 years.

Attachment C-Economic
Feasibility.6.B.a.
MRI fee schedule analysis

MRI Fee Schedules 2012

Study	CPT Code	Medicare non facility			Satellite Med
		PAR	BCBS S	Cover TN	
MRI orbit, face and or neck without contrast	70540	\$421.07	\$477.88	\$433.65	\$425.00
MRI orbit, face and or neck with contrast	70542	\$463.65	\$531.23	\$493.30	\$425.00
MRI orbit, face and or neck without contrast followed by contrast	70543	\$586.91	\$716.24	\$885.18	\$425.00
MRI head without contrast	70544	\$467.74	\$564.12	\$426.08	\$425.00
MRI head with contrast	70545	\$459.80	\$560.95	\$426.08	\$425.00
MRI head with out contrast followed by contrast	70546	\$718.12	\$891.01	\$812.32	\$425.00
MRI neck without contrast	70547	\$466.83	\$562.71	\$426.08	\$425.00
MRI neck with contrast	70548	\$473.11	\$587.42	\$426.08	\$425.00
MRI neck without contrast followed by contrast	70549	\$720.08	\$890.79	\$812.32	\$425.00
MRI Brain without contrast	70551	\$439.55	\$491.54	\$444.57	\$425.00
MRI Brain with contrast	70552	\$491.26	\$549.41	\$532.86	\$425.00
MRI Brain without contrast followed by contrast	70553	\$597.42	\$710.56	\$941.50	\$425.00
MRI brain;functional not requiring physicaian or psychologist	70554	\$491.97	\$541.16	\$506.67	\$425.00
MRI chest without contrast	71550	\$483.50	\$535.26	\$439.62	\$425.00
MRI chest with contrast	71551	\$541.34	\$601.31	\$500.16	\$425.00
MRI chest without contrast followed by contrast	71552	\$695.45	\$812.79	\$888.29	\$425.00
MRA chest with or without contrast	71555	\$473.76	\$570.43	\$459.53	\$425.00
MRI spinal cord,cervical without contrast	72141	\$394.17	\$447.89	\$450.05	\$425.00
MRI spinal cord,cervical with contrast	72142	\$499.38	\$556.06	\$539.89	\$425.00
MRI spinal cord, thoracic without contrast	72146	\$397.23	\$456.74	\$490.85	\$425.00
MRI spinal cord, thoracic with contrast	72147	\$446.20	\$505.62	\$539.57	\$425.00
MRI spinal cord, lumbar without contrast	72148	\$391.61	\$450.47	\$485.37	\$425.00
MRI spinal cord, lumbar with contrast	72149	\$486.98	\$548.00	\$533.39	\$425.00
MRI spinal cord, cervical without contrast followed by contrast	72156	\$597.28	\$712.50	\$951.63	\$425.00
MRI spinal cord, thoracic without contrast followed by contrast	72157	\$559.99	\$674.04	\$951.63	\$425.00
MRI spinal cord, lumbar without contrast followed by contrast	72158	\$587.08	\$701.11	\$941.72	\$425.00
MRA spinal cord with or without contrast	72159	\$592.75	\$623.94	\$501.27	\$425.00

Study	Code	non facility	BCBS S	Cover TN	Med
MRI pelvis with contrast	72196	\$485.40	\$542.73	\$494.05	\$425.00
MRI pelvis without contrast followed by contrast	72197	\$612.00	\$726.35	\$892.80	\$425.00
MRA pelvis with or without contrast	72198	\$474.03	\$567.56	\$461.11	\$425.00
MRI upper extremity, other than joint, without contrast	73218	\$432.81	\$489.14	\$411.72	\$425.00
MRI upper extremity, other than joint, with contrast	73219	\$477.68	\$538.29	\$493.30	\$425.00
MRI upper extremity, other than joint, without contrast followed by contrast	73220	\$608.26	\$724.00	\$780.72	\$425.00
MRA upper extremity with or with out contrast	73225	473.86	\$612.14	\$457.37	\$425.00
MRI upper extremity , any joint without contrast	73221	\$412.25	\$463.61	\$429.86	\$425.00
MRI upper extremity , any joint with contrast	73222	\$447.73	\$510.40	\$493.30	\$425.00
MRI upper extremity , any joint without contrast followed by contrast	73223	\$574.63	\$690.41	\$885.18	\$425.00
MRI lower extremity, other than joint without contrast	73718	\$427.18	\$481.39	\$411.72	\$425.00
MRI lower extremity, other than joint with contrast	73719	\$478.91	\$532.61	\$493.30	\$425.00
MRI lower extremity, other than joint without contrast followed by contrast	73720	\$611.01	\$724.00	\$780.39	\$425.00
MRA lower extremity with or without contrast	73725	475.32	\$568.68	\$459.56	\$425.00
MRI lower extremity, any joint without contrast	73721	\$421.42	\$472.09	\$429.86	\$425.00
MRI lower extremity, any joint with contrast	73722	\$457.69	\$515.59	\$493.30	\$425.00
MRI lower extremity, any joint without contrast followed by contrast	73723	\$575.25	\$689.05	\$885.18	\$425.00
MRI abdomen, without contrast	74181	\$389.35	\$441.40	\$439.62	\$425.00
MRI abdomen, with contrast	74182	\$529.72	\$590.00	\$500.16	\$425.00
MRA abdomen, with or without contrast	74185	473.42	\$566.18	\$459.17	\$425.00
MRI breast with and without contrast	77058	\$636.05	\$718.96	\$656.89	\$425.00
MRI breast bilateral	77059	\$647.97	\$757.75	\$810.03	\$425.00
MRI Bone Marrow Supply	77084	\$445.83	\$501.17	\$445.87	\$425.00

All data in this attachment was obtained from the 2012 CPT book, the Website for Medicare and CoverTn and from the Blue Cross /Blue Shield "S" fee schedule for 2012 posted on their website.

Attachment C-Economic **Feasibility.10.**

Balance Sheet for Satellite Med, PLLC

SATELLITE MED, LLC

COMPILATION of FINANCIAL STATEMENTS

For The Years Ended December 31, 2011 and 2010

CANNON, CLARK, HOLMAN & ASSOCIATES, PLLC
Certified Public Accountants
1151 South Willow Avenue, Suite A
Cookeville, Tennessee 38506
931 476-7669
FAX 931 476-4314

2012 OCT 15 MAX: 39

STATEMENTS OF ASSETS, LIABILITIES, AND MEMBERS' DEFICIT - INCOME TAX BASIS
December 31, 2011 and 2010

	December 31, 2011	December 31, 2010
ASSETS		
CURRENT ASSETS		
Cash	\$ 904	\$ -
Current Assets	17,525	93,664
TOTAL CURRENT ASSETS	<u>18,429</u>	<u>93,664</u>
PROPERTY AND EQUIPMENT		
Equipment	1,721,826	1,613,124
Furniture & Fixtures	56,891	51,959
Leasehold Improvements	174,613	168,098
Vehicle	5,500	5,500
	<u>1,958,830</u>	<u>1,838,681</u>
Less: Accumulated Depreciation	(1,734,643)	(1,598,425)
TOTAL PROPERTY AND EQUIPMENT	<u>224,187</u>	<u>240,256</u>
OTHER ASSETS		
Intangible Assets	155,579	155,579
Less: Accumulated Amortization	(65,540)	(55,536)
TOTAL OTHER ASSETS	<u>90,039</u>	<u>100,043</u>
Total Assets	<u><u>\$ 332,655</u></u>	<u><u>\$ 433,963</u></u>
LIABILITIES & MEMBERS' DEFICIT		
CURRENT LIABILITIES		
Cash Deficit	\$ -	\$ 28,676
Current Liabilities	75,046	39,921
Notes Payable-Current	621,847	644,910
Notes Payable-Demand	1,018,312	1,084,889
Current Portion of Long-term Debt	-	42,294
Total Other Current Liabilities	<u>1,715,205</u>	<u>1,840,690</u>
Long-term Debt, Less Current Portion	-	-
TOTAL LIABILITIES	<u>1,715,205</u>	<u>1,840,690</u>
MEMBERS' DEFICIT		
Beginning Members' Deficit	(1,406,727)	(1,392,550)
Capital Contributions	20,000	-
Capital Withdrawn	-	-
Net Income (Loss)	4,177	(14,177)
TOTAL MEMBERS' DEFICIT	<u>(1,382,550)</u>	<u>(1,406,727)</u>
TOTAL LIABILITIES & MEMBERS' DEFICIT	<u><u>\$ 332,655</u></u>	<u><u>\$ 433,963</u></u>

SEE ACCOUNTANTS' COMPILATION REPORT

SATELLITE MED, LLC
STATEMENTS OF ASSETS, LIABILITIES, AND MEMBERS' DEFICIT - INCOME TAX
BASIS
December 31, 2011 and 2010

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 904	\$ -
Current Assets	17,525	93,664
TOTAL CURRENT ASSETS	<u>18,429</u>	<u>93,664</u>
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Vehicle	5,500	5,500
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MEMBERS' DEFICIT		
Beginning Members' Deficit	(1,406,727)	(1,392,550)
Capital Contributions	20,000	-
Capital Withdrawn	4,177	(14,177)
Net Income (Loss)	(1,382,550)	(1,406,727)
TOTAL MEMBERS' DEFICIT	<u>(1,382,550)</u>	<u>(1,406,727)</u>
TOTAL LIABILITIES & MEMBERS' DEFICIT	<u>\$ 332,655</u>	<u>\$ 433,963</u>

SEE ACCOUNTANTS' COMPILATION REPORT

Proof of Publication

Published in the Herald Citizen October 10, 2012

Project Completion Forecast **Chart**

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-10-609(c), 2012 OCT 15 AM 10:40 1/31/13

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. Architectural and engineering contract signed	0	na
2. Construction documents approved by the Tennessee Department of Health	na	na
3. Construction contract signed	done	4/20/12
4. Building permit secured	1	2/1/13
5. Site preparation completed	1	2/4/13-weekend
6. Building construction commenced	10	2/14/13
7. Construction 40% complete	5	2/19/13
8. Construction 80% complete	15	3/5/13
9. Construction 100% complete (approved for occupancy)	30	4/4/13
10. *Issuance of license	14	4/28/13
11. *Initiation of service	2	4/30/13
12. Final Architectural Certification of Payment	na	na
13. Final Project Report Form (HF0055)	5	5/5/13

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

Avadavat

AFFIDAVIT

STATE OF Tennessee

COUNTY OF Putnam

Connie S. Cates being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Connie S. Cates Secretary
SIGNATURE/TITLE

Sworn to and subscribed before me this 9th day of October 2012 a Notary
(Month) (Year)

Public in and for the County/State of Putnam Tennessee

Suzanne Harrington
NOTARY PUBLIC



My commission expires 5/25/16
(Month/Day) (Year)

Copy

Supplemental #1

Satellite Med Imaging, LLC

CN1210-050

2012 OCT 24 AM 11 28

Supplemental Questions

RE: Satellite Med Imaging, LLC, CN1210-050

Contact: Rachel Nelly, Attorney.

102 Woodmont Blvd., Suite 200

P.O. Box 150731

Telephone: (615) 345-0323

E-mail: rachel@nelleycompany.com



SUPPLEMENTAL- # 1
October 24, 2012
11:40am

Rachel C. Nelley, Attorney
rachel@nelleycompany.com
615.274.4838

October 23, 2012

VIA HAND DELIVERY

Mr. Mark Farber
Assistant Executive Director
TN Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

**Re: Certificate of Need Application CN 1210-050
Satellite Med Imaging, LLC**

Dear Mr. Farber:

This letter will serve to follow up the filing of the above-referenced certificate of need application and is submitted as a supplemental response to your e-mail correspondence dated October 16, 2012, wherein additional information or clarification was requested.

1. Section A, Applicant Profile, Item 4

Please submit documentation from the Tennessee Secretary of State that acknowledges and verifies the type of ownership as identified by the applicant for both the LLC and the PLLC.

Response: The requested documentation from the Tennessee Secretary of State is included as Attachment A-4.

2. Section A, Applicant Profile, Item 6

How much of the space in the property to be leased/purchased will be allocated to the operation of the outpatient diagnostic center (ODC) initiating MRI services?

Response: The outpatient diagnostic center will utilize 1200 sq. ft. of space.

It is mentioned that Satellite Med Imaging, LLC will be responsible for one-eighth of the monthly lease. Will there be a separate lease or sub-lease between Satellite Med,

Mr. Mark Farber
October 23, 2012
Page 2

PLLC and Satellite Med Imaging, LLC? If yes please provide a copy of this document fully executed.

Response: The 9,500 sq ft building situated at 1300 Bunker Hill Road is subject to a lease purchase agreement between Satellite Med, PLLC and Roland Derive and Wanda Remkus (the "Landlord"). Under the terms of the parties' agreement (a copy of which was included with the Applicant's CON application as Attachment A.6.), on June 1, 2014, the lease will expire. On June 1, 2014, the Landlord has agreed to convey the property to Satellite Med, PLLC.

Satellite Med, PLLC uses 2,200 sq ft as office space and will continue to do so if this project is approved. The Applicant intends to use 1,200 sq ft of the remaining 7,300 sq ft space as its imaging suite.

If this project is approved, Satellite Med Imaging, LLC will assume the remainder of the lease beginning in June 2013 for one (1) year and then will secure financing to purchase the building. Satellite Med, PLLC will sublet from Satellite Med Imaging, LLC for the period June 1, 2013 through June 1, 2014. Beginning June 1, 2014, Satellite Med, PLLC will lease the 2,200 sq ft of office space that it utilizes from the Applicant at the rate of \$16 per foot (\$35,200 per year)

The lease payment and the monthly note payments associated with a 15 year mortgage are approximately the same and have been taken into account in the proforma submitted by the Applicant. Rental income is also included in the proforma (Projected Data Chart).

3. Section B, Project Description, Item I.

Please document the waiting time for MRI patients in the service area. Please detail the methodology used in determining the average time patients are waiting for MRI service.

Response: It has been the experience at Satellite Med, PLLC that patients referred for MRI scans at Cookeville Regional Medical Center Outpatient Imaging and Premier Diagnostics must wait approximately five (5) days to receive a scan, particularly when these facilities are contacted on Mondays and Fridays.

Will all services provided at the 1120 Sam's Street site be operating under the control of the PLLC? Will the CT scanner remain at the 1120 Sam's Street site and operate as part of the PLLC or will it be part of the outpatient diagnostic center?

Response: Yes, all services provided at the 1120 Sam's Street site where Satellite Med, PLLC is located will continue to be operating under the control of Satellite Med, PLLC.

Mr. Mark Farber
October 23, 2012
Page 3

Yes, the CT scanner will remain at the 1120 Sam's Street site and operate as part of Satellite Med, PLLC.

If the CT scanner remained at the 1120 Sam's Street site will it be limited to the patients of the physicians within the PLLC. Will the CT scanner be used for patients of physicians not part of the PLLC?

Response: The CT scanner will be limited to patients of the physicians at Satellite Med, PLLC.

According to 68-11-1607(i) "The owners of the following types of equipment shall register such equipment with the health services and development agency: computerized axial tomographers, lithotripters, magnetic resonance imagers, linear accelerators and position emission tomography. The registration shall be in a manner and on forms prescribed by the agency and shall include ownership, location, and the expected useful life of such equipment. The first registration of all such equipment shall be on or before September 30, 2002. Thereafter, registration shall occur within ninety (90) days of acquisition of the equipment. All such equipment shall be filed on an annual inventory survey developed by the agency. The survey shall include, but not be limited to, the identification of the equipment and utilization data according to source of payment. The survey shall be filed no later than thirty (30) days following the end of each state fiscal year. The agency is authorized to impose a penalty not to exceed fifty dollars (\$50.00) for each day the survey is late."

According to the records of the HSDA Equipment Registry the CT scanner has not been registered. Please register this equipment as soon as possible.

Response: Satellite Med, PLLC registered its CT scanner on October 17, 2012.

4. Section B, Project Description, Item II.A

Please provide the documentation from the outside company indicating that the RF room passes specifications required by Siemens.

Response: The requested documentation is included as Attachment B, II.A. As indicated in the attachment, Clearview Equipment utilizes several independent RF Room testing companies for all enclosures installed by Clearview Equipment. All testing will be in accordance/compliance with MIL-STD 285, NSA 65-6, NSA 73-2, and IEEE STD 299-1997 to meet or exceed the MRI manufactures specification outlined in the Siemens planning guide M1-010.03.05.02. Copies of the test certificate will be provided to the customer and on file with Clearview Equipment.

Mr. Mark Farber
October 23, 2012
Page 4

5. Section B, Project Description, Item II.C.13

It should be noted that the average charge per MRI scan of \$1,423.08 is a gross charge and does not take into account contractual allowances, provisions for charity care, and provision for bad debt, when subtracted result in a net charge. For example recently approved CN1110-041, Tennessee Oncology was a CON application to initiate MRI services. In the Projected Data Chart that applicant's gross charge per patient was \$1,500. The applicant's deductions from operating revenue which were mainly contractual adjustments was \$1,040 per procedure resulting in net revenue per procedure of \$460 which is competitive with the \$425 that you are proposing. After considering net charges is the applicant's proposed charge appreciably different then other area MRI provider net charges?

Response: The Applicant does not intimate in its application that the average charge of existing providers of \$1,423.08 is net. In fact, throughout its application, the Applicant is comparing its proposed gross charge of \$425 to the average gross charge of existing providers of \$1,423.08 and projecting that its proposed gross charge is far more palatable to patients.

If patients were able to compare net charges, an appreciable difference remains apparent in what the Applicant proposes its net charges will be compared to those of existing providers. If taking all deductions from operating revenue, the Applicant anticipates that its net charge (subtracting \$38.11 which is the total write off divided by the number of scans) will be only \$386.89. According to the information available through the HSDA, the net charge for a scan from Cookeville Regional Medical Center is \$526. There average charge is \$1,620 less the operational revenue of \$1,094. There was no information available from HSDA for Premier Diagnostics.

Please explain why a Medicare and/or Medicaid patient would rather pay a \$425 fee out of pocket than paying the charge to Medicaid certified provider where the payment would either go towards the payment of an annual deductible or where the patient has already met the annual deductible and is now only responsible for a co-payment. Please discuss in detail.

Response: The Applicant's projected utilization does not include the Medicare and TennCare populations. Any Medicare or TennCare patient the Applicant does scan will be in excess of projections.

The Medicare/Medicaid patient will discuss his/her options with his/her provider and will determine whether paying the Applicant's \$425 fee out of pocket will be more economical. If the patient is on a fixed limited income, he or she may not be able to afford to spend more than \$425 out of pocket even if the money is applied to his/her deductible. It is possible that

Mr. Mark Farber
October 23, 2012
Page 5

his/her co-pay will be more than \$425 if he/she sees an existing area provider. Of course, if the patient anticipates that his/her condition, which necessitates an MRI, will lead to more expenses down the road and it is early in the year, meeting a deductible early on might be important to a patient. In such cases, it would not make economic sense to see the Applicant for an MRI scan. On the other hand, if it is the end of the year, a patient who has not yet met a significant deductible has little incentive to contribute significant amounts toward that year's deductible when a new year is looming and contributions do not "roll over" into the new year.

What is the applicant's expected payor mix for the MRI scanner?

Response: The payor mix is expected to be very similar to the historical payor mix at Satellite Med, PLLC because the Applicant anticipates that most of its referrals will be from the providers at Satellite Med, PLLC. The commercially insured is 65-68% and the private pay is 32-35% at Satellite Med, PLLC. The Applicant anticipates that the referral pattern at Satellite Med, PLLC will replicate itself at Satellite Med Imaging, LLC and that the referrals from local providers may boost the private pay category due to the cost saving benefits to private pay patients.

Of the 25 patients referred for a scan weekly, how many of these patients fall into the category of uninsured or insured with high deductible and/or copayment?

Response: Of the patients presented in the chart in Section B Project Description C, 31.4% were cash pay and 68.6% were commercial insurance. This is an accurate description of the payor mix of the 25 patients per week referred.

Please provide an estimate of how many Satellite Med patients annually are foregoing MRI scans due to cost.

Response: Satellite Med, PLLC estimates that approximately 8 patients per week are foregoing MRI scans due to cost.

6. Section B, Project Description, Item II.E.

Please discuss the quality of service from an MRI scanner that is 12 years old and that the applicant believes has at least 13 more years of useful life. How does this scanner compare in quality and resolution of a scan in comparison to a new 1.5T MRI scanner. Please note that review of the HSDA Medical Equipment Registry for the past six years indicates that the median turnaround time in replacing MRI equipment is between 7 and 8 years.

Response: 2. Clearview Equipment currently has several MRI systems under service contract that are in excess of twenty years old providing diagnostic imaging for its

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customers. These systems are accredited by the American College of Radiology (ACR) or the International Accreditation Commission (IAC) to validate their diagnostic imaging abilities. The quality and resolution are negligible when comparing systems with the same options and scan protocols. Turn around time for MRI replacement are often made with financial and marketing decisions rather than the usefulness and life expectancy of a MRI system.

The quote from Clear View Equipment is in reference to a Siemens Symphony scanner. The FDA documentation refers to a MAGNETOM Project 047 scanner. Please explain this discrepancy.

Response: The Siemens Symphony Scanner is the trade name used by the manufacture for marketing purposes and is approved by the FDA under the Magnetom Project 047 name.

The higher cost quotes for Hitachi and Toshiba machines are noted. Please discuss how these units compare to the Siemens Symphony unit in terms of Tesla strength, quality of resolution, age of equipment, maintenance history, etc.

Response: According to Clearview Equipment, when comparing the functionality of different MRI scanners, there are three basic components that one must consider. First, the field strength should be determined that will provide the level of detail required or desired by the particular medical facility. It is widely understood that the higher the field strength of the magnet the more detail can be represented by the MRI scanner. The Siemens Symphony is a 1.5 Tesla magnet. The Toshiba Vantage AVG system also has the same field strength of 1.5 Tesla. The Hitachi Altair, however, has a .7 Tesla magnet. The Magnet bore size and design of this machine prevents Hitachi from achieving the higher field strength like that of the Siemens Symphony. Second, one must consider what Gradient strength an MRI is constructed with. The system with the stronger Gradient Amplifiers will not only provide greater image detail, but will also make the use of improved imaging techniques available. The Gradient strength of the Hitachi Altair is 22mT/m. The Gradient strength of the Toshiba Vantage AGV is 30mT/m. The Siemens Symphony Gradient strength is 30mT/m. Third, one must determine the types of imaging coils that are installed on an MRI. The Hitachi lists six individual coils. The Toshiba lists one coil. The Siemens Symphony is listed with eight individual coils. So, when using the above comparison criteria, one might find the Toshiba and the Siemens MRI machines are very comparable, while the Hitachi MRI is somewhat lacking. However, when planning to support the MRI scanner that is chosen and insuring the longevity of the system one must consider the availability and price of parts and service. The Siemens Symphony MRI has been a very popular unit for the last 12 years. This popularity has provided an important advantage for the facility that chooses to install this unit, by virtue of the plethora of parts, vendors, and service personnel available to choose from. Hence, the Siemens Symphony gives a facility state of the art imaging at a fraction of the price of the closest competitors.

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Please explain the purpose of the floor plan with zones.

Response: The zones are defined in the MR safe practices included as Attachment C-MRI.7.c.b.

Zone I is the region that is accessible by the general public and it is outside the MR environment. In the drawing, the area is labeled the waiting room and the front ADA restroom. Zone II is the region that communicates with the uncontrolled Zone I and the strictly controlled Zone III. This zone is called the reception area on the drawing and is the area where the non MR personnel conduct their tasks of greeting, registration and screening. Zone III is the area located behind a locked door and there is strict control for entry by patients and non MR personnel. All patients in this area are strictly supervised. This area includes the Radiologist Workstation, The magnet room and computer operations room, the hallway and two dressing rooms and the back ADA restroom. The Zone IV is within Zone III and is the RF room itself, the magnet and the computer room adjacent to it. This zone will be clearly marked as being potentially hazardous due to the presence of very strong magnetic fields.

7. Section B, Project Description, Item III.A.

What is the distance between the site of the proposed project on Bunker Hill Road and the site of Satellite Med, PLLC on Sam's Club Road?

Response: Twenty (20) feet is the distance between Satellite Med, PLLC on 1120 Sam's Street and Satellite Med Imaging, LLC on Bunker Hill.

8. Section C, Need, Item 1.a. (Service Specific Criteria-Magnetic Resonance Imaging)(7)(f)

The letter from Rick Collier of Clearview Equipment Services (CES) indicates that the American College of Radiology (ACR) accreditation of the Siemens Symphony unit will expire on January 17, 2013. Does this mean the unit will no longer be ACR accredited after this date?

Response: All MRI systems that are purchased and relocated are required to go through the accreditation process and is not a transferable event regardless of the accredited expiration date. The accreditation letter sent was to show the system was accredited at the time of removal only. Clearview Equipment will assist the Applicant in the accreditation process to ensure the system is validated by the ACR or IAC.

9. Section C, Need, Item 1.a. (Service Specific Criteria-Magnetic Resonance Imaging)(7)(g)

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The letter from the CEO of Cookeville Regional Medical Center is noted. The letter only considers entering into a transfer agreement. Is it possible to obtain a letter that would document more of a commitment to a transfer agreement?

Response: It is not possible at this time to obtain a letter stating more of a commitment to a transfer agreement; however, Dr. Cates, Dr. Bolton, Dr. Barger and Dr. Dill are all on courtesy staff at Cookeville Regional Medical Center (CRMC) and regularly transfer patients via ambulance to CRMC.

Will Dr. Bailey be a member of Cookeville Regional's active medical staff?

Response: No, Dr. Bailey will not be a member of the Cookeville Regional active medical staff. Any of the providers at Satellite Med, PLLC can send a patient to Cookeville Regional Medical Center to be admitted under their Hospitalist. This can either be a direct admission or through their emergency room depending on the circumstances

10. Section C, Need, Item 1.a. (Service Specific Criteria-Magnetic Resonance Imaging)(7)(h)

Department of Health rule for Outpatient Diagnostic Centers 1200-08-35-.04(9) states that "Each Outpatient Diagnostic Center shall have at all times a licensed physician who shall be responsible for the direction and coordination of medical programs."

Is Dr. Bailey licensed to practice medicine in Tennessee? If yes please submit a copy of that license.

Response: Yes, Dr. Bailey is currently licensed in Tennessee. Please see Attachment C-1.a.

Who are the physicians who will be "Doctor of the Day" and what are their credentials? Do these physicians have experience, training and any certifications regarding magnetic resonance imaging?

Response: The list of the Satellite Med, PLLC physicians with their credentials is included as Attachment B-1. They rotate as "Doctor of the Day". Their duties consist of oversight and supervision of the clinic and the third level providers. They over read all EKG's and X-rays. They are available for questions and all emergencies.

The "Doctors of the Day" providing the required supervision for the MRI scans are ACLS certified and have experience ordering scans, reviewing the findings and interpreting reports. All of these physicians are clinically appropriate to supervise the scans and have, within each of their scopes of practice and hospital-granted privileges, the knowledge, skills, ability, and privileges to perform the service or procedure. Dr. Bailey, the medical director for MRI, will be available to ascertain that all applicable protocols are adhered to; further, Dr. Bailey will be available to review the standards for appropriateness of the requested MRI examinations by referring physicians. Dr. Bailey will be onsite for an extensive workshop and training for the Applicant's physicians and the MRI technologists prior to opening the MRI Suite.

11. Section C, Need, Item 1.a. (Service Specific Criteria-Outpatient Diagnostic Centers) (1)

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Will the CT Scanner be at the Sam's Street or Bunker Hill Location?

Response: The CT Scanner will remain at the 1120 Sam's Street location.

The survey of patients presented in the project description indicated that only 3 of the 87 patients responding to the survey did not get an MRI. Please explain how the applicant determined that one third of patients referred for MRI refused to get a scan due to cost.

Response: The 1/3 number or 8 patients per week is based on patients who, when approach with a treatment plan including an MRI, state to the Provider that they cannot afford to get the test. The ones represented are in addition to this number. They are patients who, after the MRI recommendation, are sent to the scheduler, but then discover the out of pocket expense and tell the other facility they do not want the test after all.

This standard states that need for the ODC services shall be determined on a county by county basis four years into the future. There is no discussion regarding need for MRI services in 2016. Please include a discussion that addresses MRI need in 2016. Include a discussion on the CT scanner if it will be part of the ODC too.

Response: The Applicant will accept the majority of its referrals from Satellite Med, PLLC. In 2011 Satellite Med, PLLC experienced a total of 37,882 patient visits with 25 patients getting MRI's per week totaling 1300 annually. This is 3.4% of the patient visits. It is anticipated that Satellite Med, PLLC will have 61,607 patient visits in 2016. 3.4% of those visits will be 2,095, which is 40 scans per week. That reflects a potential of 62% growth rate in 2016. Please refer to Attachment C-ODC.1.a.

12. Section C, Need Item 3

Please complete the following patient origin chart for Satellite Med, PLLC patient visits for the most recent year available:

County	Visits	%Total
Putnam	25394	67%
Jackson	1442	3.8%
County with next highest visit total: White	4237	11.2%
Remaining Tennessee Counties	6300	16.6%
Kentucky	62	.16%
Other States	510	1.3%
Total	37883	

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2012 OCT 24 AM 11 28

The service area map provided only highlights Putman County. Please submit a revised map that highlights both Putnam and Jackson Counties.

Response: Please forgive the omission, the map showing both Putnam and Jackson Counties has been attached as Attachment C-3.

13. Section C, Need Item 4

Please complete the Total Service Area column of the demographic chart. Total Service Area should be Jackson and Putnam Counties combined.

Response: Please refer to the chart below.

	Jackson County	Putnam County	Total Service Area	State of TN Total
Total Population-Current Year - 2012	11,371	72,958	84,329	6,361,070
Total Population-Projected Year - 2016	11,730	75,365	87,095	6,575,165
Total Population-% change	3.1%	3.2%	3.2%	3.3%
Age 65 and over Population - 2012	1,995	11,184	13,179	878,406
Age 65 and over Population - 2016	2,232	12,637	14,869	981,074
Age 65 and over Population - % change	10.6%	11.5%	11.4%	11%
Age 65 and over Population as % of Total Population	17.5%	15.3%	1.5%	13.8%
Median Household Income (06-2010)	\$32,722	\$35,185	\$33,954	43,314
Median Age	44.7	35.9	40.3	37.6
TennCare Enrollees	2,547	14,208	16,755	1,209,372
TennCare Enrollees as % of Total	22.3%	19.5%	19.9%	19%
Persons Below Poverty Level	2,478	16,310	18,788	1,049,576
Persons Below Poverty Level as % of Total	21.8%	22.3%	22.2%	16.5%
<i>Sources: US Census Bureau and historical data within the medical records of Satellite Med, PLLC</i>				

In CN1205-022 the applicant included Overton and White Counties in the service area. Why has the applicant chosen to exclude these counties from the service area?

Response: The Applicant elected not to include Overton and White Counties in its proposed service area as it does not anticipate that a significant or consistent number of MRI patients will originate from these counties. Furthermore, the existing MRI providers in these counties have room for growth; therefore, it is the Applicant's intent not to draw specifically from them as part of its service area and this project.

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Section C, Need. Item 5

Please complete the following tables for Year 2011 utilizing data from the HSDA Equipment Registry

Putnam County Provider MRI Patient Trends by County of Residence

County	2009	2010 ¹	2011	'09-'11 % Change
Jackson	588	387 Cookville Regional Medical Center only	574 ²	2.4% decrease
Putnam ³	5921	3923 Cookville Regional Medical Center only	5985 ⁴	1.1% increase

Putnam County Residents Receiving MRIs

County	2009	2010	2011	'09-'11 % Change
Jackson	1056	969	940	10.98% decrease
Putnam	7573	5547	7789	2.85% increase

¹ According to HSDA, Premier Diagnostic Imaging was not able to report county data in 2010.

² 61.06% of the scans that Jackson County residents received in 2011 were performed by Putnam County Providers (574 out of 940).

³ The Applicant assumes that you meant to refer to Putnam County rather than Overton County in your October 16, 2012 correspondence requesting supplemental information.

⁴ 76.84% of the scans that Putnam County residents received in 2011 were performed by Putnam County providers (5,985 out of 7,789).

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Cookeville Regional Medical Center MRI Patient Origin 2011		
County	Procedures	%Total
Putnam	4451	56%
Jackson	404	5%
County with next highest visit total: White	879	11%
Etc.	2188	28%
Kentucky	unavailable	
Other States	unavailable	
Total	7922	

Premier Diagnostic Imaging MRI Patient Origin 2011		
County	Procedures	%Total
Putnam	1534	40%
Jackson	170	4%
County with next highest visit total: White	444	12%
Etc.	1674	44%
Kentucky	unavailable	
Other States	unavailable	
Total	3822	

Cookeville Regional Medical Center MRI Payor Mix 2011		
Payor	Procedures	% Total
Medicare	3968	49.6%
TennCare/Medicaid	514	6.4%
Commercial Insurance	3177	39.7%
Private Pay /Other	342	4.3%
Total	8001	

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Premier Diagnostic Imaging MRI Payor Mix 2011		
Payor	Procedures	% Total
Medicare	2220	38.9%
TennCare/Medicaid	622	10.9%
Commercial Insurance	2688	47.1%
Private Pay /Other	177	3.1%
Total	5707	

14. Section C, Need. Item 6

HSDA staff questions the methodology #1 validity. First of all the 13,708 MRI procedures in Putnam and Jackson Counties are procedures performed in Putnam County (as there is no MRI provider in Jackson County) regardless of the patient's residence. The MRI procedures performed on Putnam and Jackson County residents is a different calculation which will be accomplished by completing the above tables. The 16.25% calculation is incorrect. Secondly, to apply a use rate based on procedures to population and applying that use rate to clinic visits is "mixing apples and oranges". Please discuss in detail and make corrections to your methodology as needed.

Response: The Applicant agrees with the reviewer that its methodology #1 for projected annual utilization for each of the two (2) years following completion of the project does constitute a "mixing of apples and oranges" and is thus not very helpful. Accordingly, the Applicant asks that that portion of its response be disregarded. The Applicant submits that methodology #2 (based upon anticipated referral figures from Satellite Med, PLLC and area providers) provides a more accurate estimate of utilization projections.

The percentage of patients greater than Age 70 seen at Satellite Med on page 36 (10.8%) is significantly different from the percentage of patients greater than Age 70 seen at Satellite Med on page 33 (2%). Please address this discrepancy.

Response: The numbers in the first chart on page 33 are based on the total number of patients in Satellite Med PLLC's system while the numbers in the second chart are based on the total number of visits that Satellite Med PLLC had had as of August 31, 2012.

The statement under Methodology #2 "These letters represent 16.6% of the total and averages 33 patients per referring provider.....that Satellite Med, LLC will receive 1,089 patients annually from outside providers" is unclear. What is 16.6%? How was 33 patients per referring provider determined? Who are the 66 names? How was it determined to select 50% of referrals from the 66 names? Please revise this discussion so that each step is clearly described and calculated in order resulting in the final calculation of 1,089 patients.

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Response: The 16.6% (or 11) is the percentage of providers who responded in the short time frame allowed of the 66 names to whom the letters were sent. These names are listed under Attachment C-Orderly Development of Healthcare-1, and have been included again with this response for your convenience. The providers were solicited for response by the Applicant due to their historical referral practices for services at Satellite Med, PLLC or because of their perceived lack of association with Cookeville Regional Medical Center. There were a total of 360 potential patient referrals noted by the 11 providers who responded, which averages 33 patients per provider (360 divided by 11). If the 11 responses accurately reflect what the referral pattern of the full 66 providers solicited would be, then the Applicant could expect potentially 2,178 (66 x 33) scans (assuming each patient only received one scan). If only one-half of the 66 providers referred in the first year then 1,089 (33 x 33) scans are expected (again, assuming each patient only received one scan). It is important to note that in these letters the providers also noted the number of patients that they would refer that would not be able to get the service if it were not for the deeply discounted price. Area providers estimated that, on average, 17.5 patients referred would not be able to get the scan otherwise. In essence, 53% (17.5 out of 33 patients) of the referrals from service area providers would be patients who would not otherwise receive the scan.

Regarding the 1,716 patients that Satellite Med physicians are currently referring out for MRI, is it realistic to expect that 100% of these patients will have their scan at the applicant's MRI? Does this number include Medicare and TennCare patients who would find it advantageous to go to another provider who participates in the Medicare and TennCare programs? What about other patients that would prefer to have an MRI at one of the other existing locations?

Response: While it is true that Satellite Med, PLLC always provides the patient with a choice, the Applicant believes that patients will choose Satellite Med Imaging, LLC as their provider for reasons of convenience, cost and continuity of care.

Patients who have Medicare and TennCare may choose to go to a certified provider. Notably, Satellite Med, PLLC is not a certified Medicare or TennCare provider. Additionally, during the period of August, 2011 through August 2012, Satellite Med, PLLC patients aged 70+ (i.e., Medicare eligible) represented only 2% of the patient base at the practice. For these reasons, the Applicant did not include these populations in its calculations. Even without the Medicare and TennCare patients, the population still supports an additional MRI scanner in the county. Satellite Med, PLLC growth supports at least 25 scans per week. If a few referrals are lost to the other facilities for whatever reason, the additional scans added from its growth will make up the difference. The growth chart for Satellite Med, PLLC with anticipated growth through 2016 is included for your review. It is Attachment C-ODC.1.a.

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15. Section C (Economic Feasibility) Item 1

Your response from the contractor is noted. Please provide a revised letter from the contractor or Mr. Collier from Clearwater Equipment that includes a discussion regarding their past experience in preparing space for MRI equipment. Please also note in the revised letter that the Department of Health has adopted the updated 2010 AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in their review.

Response: The letter from the contractor does include the information requested pertaining to adopting the 2006 AIA Guidelines for Design and Construction of Hospital and HealthCare facilities. With his extensive background in building codes, he will adhere to all guidelines currently available including the 2010 AIA Guidelines. Regarding experience with preparing space for MRI space, Bob Lane has not constructed this space to date. He has electrically wired several healthcare facilities and was the contractor in the 4,400 sq.ft. expansion of Satellite Med, PLLC in 2011.

Additionally, please see the attached document Attachment B-II.A. Response #6 from Rick Collier from Clearview Medical Equipment. Clearview Equipment is not an architectural firm or construction company. It will make no changes to the design of the facility. The extent of the construction that it provides is restricted to the installation of the Faraday Cage (RF Room) into an existing space as required by the Original Equipment Manufacturer. Clearview Equipment has provided this service for facilities throughout the U.S.

16. Section C. Economic Feasibility Item 2 (Funding)

The letter from Mr. Julian indicating a willingness to loan the \$435,000 is noted. The total project cost is \$701,825. How will the additional \$266,825 be funded?

Response: The additional \$266,825 is derived from the funds represented as the building lease and a year's reserve for the debt service. The building lease is included in the monthly Project Data Chart as the debt service. These will be covered monthly and do not require the funds set aside for start up. If for some reason the funds are not readily available to meet the monthly projection, Satellite Med, PLLC will continue to pay the rent on its office space which will provide enough funds to help make the lease payment. There is already a provision from the lender to receive the full year's debt service as a balloon payment at the end of the first year to allow for working capital until Satellite Med Imaging, LLC has realized its expectations.

17. Section C. Economic Feasibility Item 9

Please complete the following chart for the proposed MRI service:

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Payor Type	2013 Procedures	2013 Gross Revenue	2014 Procedures	2014 Gross Revenue
Charity Care which includes medicare and TennCare waivers	104	\$44,200 Deducted from Gross	104	\$44,200 Deducted from Gross
Commercial Insurance	1,046	\$444,550	1,046	444,550
Private Pay	567	\$240,975	567	240,975
Other (referrals)	1088	\$462,400	1517	\$644,725
TOTAL	2805	\$1,192,125	3234	\$1,374,450
Payor Type	2013 Procedures	2013 Gross Revenue	2014 Procedures	2014 Gross Revenue

18. Section C. Economic Feasibility Item 11.a.

Referring to other sections of the application is not an acceptable response. Please provide a response to this item.

Response: Over the course of 6 years, the only local alternative that Satellite Med, PLLC providers have had to performing scans in their own facility has been to refer them out to one of two diagnostic centers. Satellite Med, PLLC has had a working relationship with one of these centers whereby they have provided a cash pay fee schedule for uninsured patients at the rate of \$500 per MRI. This \$500 fee is charged to Satellite Med, PLLC directly. Although this does help the uninsured population, this contract does not allow access to the reduced pricing for those patients with a high deductible who would prefer to pay out of pocket versus being billed out of pocket the high insurance charge. The arrangement also shifts the burden of collection to Satellite Med, PLLC.

The only alternative the patient has found to the high cost of the scans is to elect not to get the scan performed although thought to be medically necessary. Satellite Med, PLLC believes that at least 1/3 of the scans performed in the proposed MRI suite will be these patients who would not get the test otherwise.

Most recently, in December 2011, a radiology group in Connecticut wanted to give the Applicant a Hitachi 0.3 magnet. Although this would meet the criteria of less costly, it would not meet that of more efficient because it is a slow machine decreasing the scans to only one per

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hour and the weight would cause much more renovation expense than the practice wanted to incur. Furthermore, it was not upgradable to meet the present American College of Radiology certification requirements. Although the practice could get it certified by another accreditation arm, it would likely be just a matter of time before that particular machine would not be approved by the societal accreditation body either. Then the practice would be stuck with a machine it couldn't use and have to incur the expense of having it de-installed.

The Applicant evaluated three other proposals before deciding to move forward with the one included in this document. These proposals were discounted due to cost. They are attached as Attachment C-1.a.MRI.3. in the original CON Application.

19. Section C. Orderly Development, Item 2

The applicant indicates that the proposed project's volume will stem from current referrals from Satellite Med, PLLC to existing area providers and other referrals from outside providers totaling to 2,805 MRI procedures in Year 1 and 3,234 MRI procedures in Year 2. Will the proposed project result in existing service area providers operating below the optimal utilization standard of 2,880 annual procedures.

Response: No, because Satellite Med Imaging, LLC's patient demographic is different from that of Cookeville Regional and Premier Diagnostics. Satellite Med Imaging anticipates that its self pay population will be 35%. Currently, Cookeville Regional and Premier Diagnostics see only a 3.7% self pay patient population. Further, the largest contributor of scans to these two facilities is the Medicare and TennCare patients. Satellite Med Imaging, LLC will not take these scans away from Cookeville Regional or Premier since it will not accept these patients unless they want to pay out of pocket. During the period of August 2011 through August 2012, the population of Medicare aged patients seen at Satellite Med, PLLC was only 2%. This number amounts to 68 scans each for the 4 scanners and will hardly make a difference in the existing utilization. That is if they all required a MRI.

According to the letters sent to the Applicant by solicited providers, on average, 17.5 out of the 33 referrals would be patients who would not get the scan unless they had the discounted cost. This is 53% of the referral anticipated from providers in the service area. These patients would not affect the existing facilities' optimal utilization because they would not be included in the utilization anyway.

According to the HSDA data, there were 366 scans performed on Jackson County residents outside the applicant's service area of Jackson and Putnam Counties and there were 1804 scans on Putnam County residents. The Applicant hopes to capture some of the scans (2170) currently leaving the service area as part of its utilization. This number was 2120 in 2009 and 2206 in 2010. The excel files from the HSDA are included as Attachment C-Orderly Development of Healthcare-2.

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Satellite Med Imaging, LLC believes since it has a different patient demographic and mission that it will not directly affect the existing facilities in Putnam County. It is the Applicant's goal to provide a service to those who are burdened by the financial restraints caused by the high cost of imaging and to those who refuse the scan recommended by their providers because they do not have the money. Further, it is the Applicant's goal to lessen the disparity between the private paying patient and the insured patient since there is no governing body adjusting a contractual write off for the private paying patient. Presently, the private paying patients end up paying more while carrying the write offs from the insurance companies on their backs.

20. Proof of Publication

The page in the newspaper in the application copy did not include the publication of intent and did not identify the date of the newspaper. Please provide the correct copied page of the newspaper.

The Publication Affidavit is attached as Proof of Publication.

Should you have any questions or require additional information pertaining to this application, please do not hesitate to contact me by telephone at 615.274.4838 or by e-mail at rachel@nelleycompany.com.

Very truly yours,



Rachel C. Nelley
Attorney

Attachments

cc: Connie Cates, Satellite Med Imaging, LLC

Attachment B-II.A

Letter from Rick Collier

October 24, 2012

11:40am



Oct 21, 2012

State of Tennessee
Health Services and Development
500 Deadrick Street Suite 850
Nashville, Tennessee 37243

Re: Response to the supplemental request questions.

Tennessee Health Services and Development Agency,

1. Clearview Equipment utilizes several independent RF Room testing companies for all enclosures installed by Clearview Equipment. All testing will be in accordance/compliance with MIL-STD 285, NSA 65-6, NSA 73-2, and IEEE STD 299-1997 to meet or exceed the MRI manufactures specification outlined in the Siemens planning guide M1-010.03.05.02. Copies of the test certificate will be provided to the customer and on file with Clearview Equipment.
2. Clearview Equipment currently has several MRI systems under service contract that are in excess of twenty years old providing diagnostic imaging for our customers. These systems are accredited by the American College of Radiology (ACR) or the Intersocietal Accreditation Commission (IAC) to validate their diagnostic imaging abilities. The quality and resolution are negligible when comparing systems with the same options and scan protocols. Turn around time for MRI replacement are often made with financial and marketing decisions rather than the usefulness and life expectancy of a MRI system.
3. The Siemens Symphony Scanner is the trade name used by the manufacture for marketing purposes and is approved by the FDA under the Magnetom Project 047 name.
4. When comparing the functionality of different MRI scanners, there are three basic components that one must consider. First, the field strength should be determined that will provide the level of detail required or desired by the particular medical facility. It is widely understood that the higher the field strength of the magnet the more detail can be represented by the MRI scanner. The Siemens Symphony is a 1.5 Tesla magnet. The Toshiba Vantage AVG system also has the same field strength of 1.5 Tesla. The Hitachi Altair, however, has a .7 Tesla magnet. The Magnet bore size and design of this machine prevents Hitachi from achieving the higher field strength like that of the Siemens Symphony. Second, one must consider what Gradient strength an MRI is constructed with. The system with the stronger Gradient Amplifiers will not only provide greater image detail, but will also make the use of

improved imaging techniques available. The Gradient strength of the Hitachi Altair is 22mT/m. The Gradient strength of the Toshiba Vantage AGV is 30mT/m. The Siemens Symphony Gradient strength is 30mT/m. Third, one must determine the types of imaging coils that are installed on an MRI. The Hitachi lists six individual coils. The Toshiba lists one coil. The Siemens Symphony is listed with eight individual coils. So, when using the above comparison criteria, one might find the Toshiba and the Siemens MRI machines are very comparable, while the Hitachi MRI is somewhat lacking. However, when planning to support the MRI scanner that is chosen and insuring the longevity of the system one must consider the availability and price of parts and service. The Siemens Symphony MRI has been a very popular unit for the last 12 years. This popularity has provided an important advantage for the facility that chooses to install this unit, by virtue of the plethora of parts, vendors, and service personnel available to choose from. Hence, the Siemens Symphony gives a facility state of the art imaging at a fraction of the price of the closest competitors.

5. All MRI systems that are purchased and relocated are required to go through the accreditation process and is not a transferable event regardless of the accredited expiration date. The accreditation letter sent was to show the system was accredited at the time of removal only. Clearview Equipment will assist the customer in the accreditation process to ensure the system is validated by the ACR or IAC.
6. In response to this particular question we must make it clear that Clearview Equipment is not an Architectural or Construction company. We will make no changes to the design of the facility. The extent of the construction that we provide is restricted to the installation of the Faraday Cage (RF Room) into an existing space as required by the Original Equipment Manufacturer. CES has provided this service for facilities throughout the U.S.

Respectfully Submitted,

Rick Collier

Rick Collier
Clearview Equipment Services
8851 W Frwy, Suite 123
Fort Worth, Texas 76116

Attachment C-MRI-1.a.a

Dr. Bailey's Tennessee License

Search Results

You are viewing page 1 of 1... << First < Prev Next > Last >>

I. BAILEY, YVETTE	
DENISE	License Number:
AVON, CT 06001-4111	48099
	Status: Active: Licensed
Profession: Medical	
Doctor	Original Date:
Rank: Telemedicine	12/21/2011
Provider	Expiration Date:
Specialties:	08/31/2013
Diagnostic Radiology	

You are viewing page 1 of 1... << First < Prev Next > Last >>

Tennessee Department of Health
Division of Health Related Boards

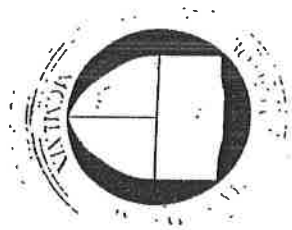
Attachment C-MRI-1.a.b

Doctor of the Day duties and Scope of Practice

Physicians at Satellite Med, PLLC

1. Dr. James W. Cates, Jr.boarded in Family Practice
2. Dr. Matthew Boltonboarded in Family Practice
3. Dr. Christopher P. Dillboard eligible in Family Practice and Internal Medicine
4. Dr. Carol F. Bergboarded in Urgent Care
5. Dr. Dave Bargerboarded in Emergency Medicine

American Board of Family Medicine



James Wilson Gates Jr, M.D.
is a Diplomate of this Board and
having met its continuing requirements is hereby

Recertified

as a

Diplomate

2009-2016

McGee
Chair



James C. Ruppel
President

THE UNIVERSITY of TENNESSEE

HEALTH SCIENCE CENTER

COLLEGE OF MEDICINE

DEPARTMENTS OF MEDICINE AND PEDIATRICS

To All to Whom These Presents Shall Come,
Greetings

Be it known that

Christopher Parish Dill, M.D.

Is hereby granted this certificate for having performed his/her duties
faithfully and satisfactorily in the capacity of:

Resident in Internal Medicine and Pediatrics

June 23, 2007 - June 30, 2011

In Witness whereof we have hereunto set
our hands this 30th day of June, 2011

Matthew Thompson
Program Director

Richard L. Russell
Chairman of Medicine

Richard L. Russell
Chairman of Pediatrics

David S. ...
Dean

...
Chancellor





American Board of Family Medicine

Founded 1969

James C. Puffer, M.D.
President and
Chief Executive Officer

Joseph W. Tollson, M.D.
Senior Vice President

Terrence M. Leigh, Ed.D.
Vice President
Examination Administration
and Credentials

Michael D. Hagen, M.D.
Vice President
Assessment Methods
Development

Richard J. Rovinelli, Ph.D.
Vice President
Information Technology

Roger M. Bean, CPA
Chief Financial Officer

2228 Young Drive
Lexington, Kentucky
40505-4394

Tel: (859) 269-5626

(888) 995-5700

Fax: (859) 335-7516

(859) 335-7517

Web: www.theabfm.org

A Member Board of the
American Board of
Medical Specialists

November 29, 2007

To Whom It May Concern:

This letter verifies Matthew Michael Bolton, MD is currently certified with the American Board of Family Medicine (ABFM).

Family Medicine Certification History:

Jul 22, 2005 - Dec 31, 2012

Jul 10, 1998 - Jul 21, 2005

Jul 12, 1991 - Jul 09, 1998

Certification is time-limited for a period of seven years and is renewed through successful completion of the Recertification Examination.

Physicians whose last certification period in Family Medicine began on or after July 11, 2003 will enter Maintenance of Certification for Family Physicians (MC-FP). Through satisfactory participation in the MC-FP process, physicians complete requirements for their next period of certification. Physicians who meet requirements through the first six years of participation in MC-FP will have their current certification extended for three additional years. Physicians who do not fulfill the requirements through the first six years of MC-FP will retain a seven-year certificate.

Sincerely,

Ruth Morgan
Verifications Coordinator

American Board of Urgent Care Medicine
hereby awards
Carol J. Berg, M.D.
with the designation

Diplomate of the American Board of Urgent Care Medicine

Having passed the examination and presented to the Executive Board of the American Board of Urgent Care Medicine
satisfactory evidence of the prescribed qualifications with all rights and privileges pertaining thereto, providing the American
Board of Urgent Care Medicine Principles of Professional Practice are upheld.

David Randolph Streightfaden, Member

99659

Board Member: 2003

Exempted February 18, 2012

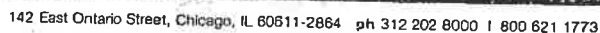
Expires February 18, 2020



ABUCM
American Board of Urgent Care Medicine
"Improving Emergency"

This certificate is the property of the American Board of Urgent Care Medicine and in the event of its suspension, revocation or invalidation for any reason, it must on demand be returned to the American Board of Urgent Care Medicine.

[Signature]
President



040789

Dear Dr. Barger:

Emergency Medicine; Certificate Number 889

Effective Date of Recertification - 06/24/2010 through 12/31/2020

Your effective date of recertification coincides with the date on which you were notified by the American Osteopathic Board of Emergency Medicine of completion of all requirements for certification, and is verified by this letter. The American Osteopathic Board of Emergency Medicine is presently preparing a certificate. As soon as it has been lettered and signed by the appropriate officers, the secretary of the specialty board will mail it to you.

Congratulations on your accomplishment. If you have any questions about your certificate, please contact the American Osteopathic Board of Emergency Medicine at (312) 335-1065.

Sincerely Yours,

Cheryl Gross, MA, CAE, Secretary

CG/eb

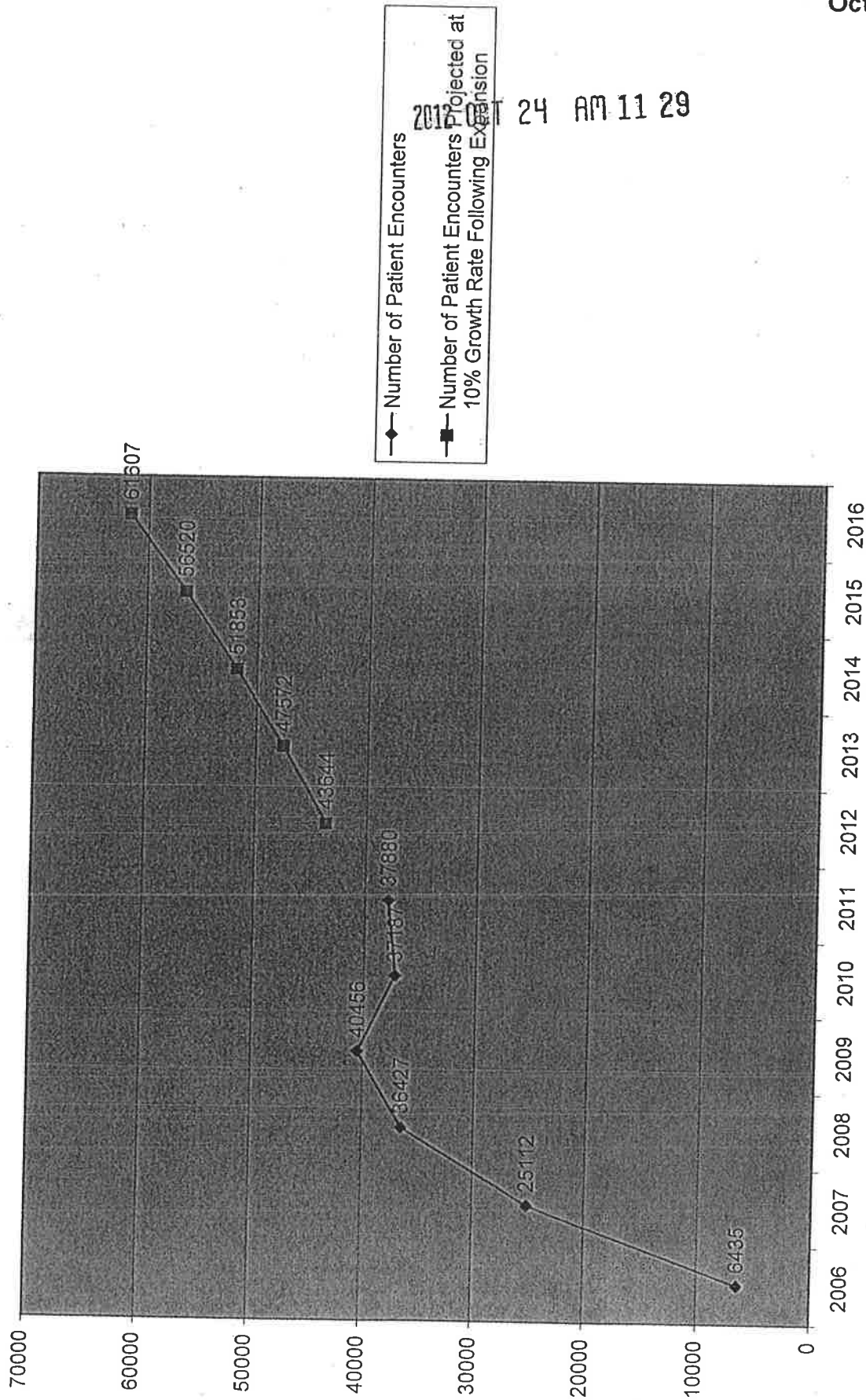
cc: Specialty Board
Specialty College
AOA Manager, Certification

BOSRef: 00000000

Attachment C ODC-1.a

Satellite Med, PLLC growth chart

Satellite Med, LLC Growth Chart



Attachment C.3

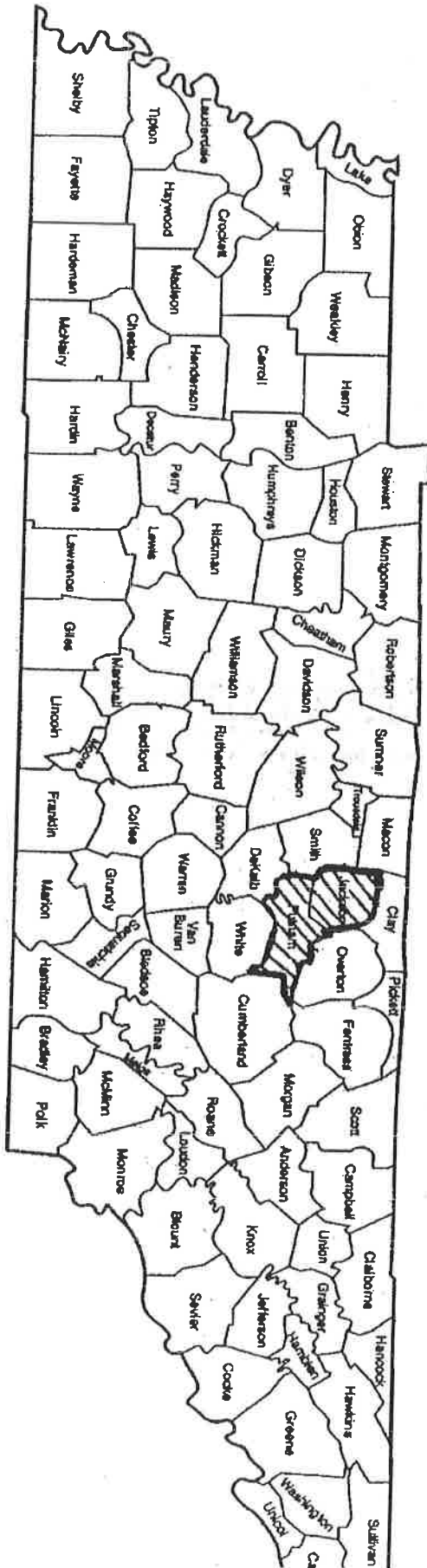
Tennessee Map with Service Area

SUPPLEMENTAL- # 1

October 24, 2012

11:40am

Attachment C-3.



Attachment C. Orderly
Development of Healthcare-1
Names of Physician partners in the service area

Contribution To the Orderly Development of Health Care -1

List of all existing health care providers in the Upper Cumberland with which the applicant currently has or plans to have working relationships. Each Physician will receive notice of Satellite Med providing MRI services at the deeply discounted rate to save their patients money out of pocket.

Doctors in Cookeville (TN)

Dr. Rexford Agbenohevi
Dr. James Batson
Dr. Quinton Cancel
Dr. Jack Carey III
Dr. Michael Casal
Dr. Christopher Climaco
Dr. Timothy Collins
Dr. Laurretta Connelly
Dr. Daniel Donovan
Dr. Gamal Eskander
Dr. Julian Fields
Dr. Steven Flatt
Dr. Bert Geer
Dr. Paige Gernt
Dr. Jane Gotcher
Dr. James Gray
Dr. Donald Grisham
Dr. Danny Hall
Dr. Hunter Hansen
Dr. Albert Hensel III
Dr. Freedom Ikedionwu
Dr. Joseph Jestus
Dr. Jack Johnson
Dr. Clarence Jones Jr
Dr. Charles Jordan III
Dr. Mark Kriskovich
Dr. Thomas Lawrence
Dr. Carrie Loghry
Dr. Kenny Lynn
Dr. Crystal Martin
Dr. James McKinney
Dr. Lee Moore
Dr. Christine Pham
Dr. Michael Pippin
Dr. Jennifer Prigg
Dr. Maria Teresa Ramos
Dr. Frederick Rayne
Dr. James Richards
Dr. Leonardo Rodriguez-Cruz
Dr. James Staggs
Dr. Harry Stuber

Attachment C-Orderly Development of Healthcare-1.

Dr. Donald Tansil

Dr. Joseph Tokaruk

Dr. Audrey Tolbert

Dr. Leslie Treece

Dr. Robert Treece

Dr. Brian Waggoner

Dr. Richard Williams

Dr. Charles Womack III

Dr. Kenneth Wood

Doctors in Gainesboro (TN)

Dr. Douglas Dycus

Doctors in Monterey (TN)

Dr. Katherine Goff

Dr. James Johnson

Dr. Mark Sherfey

Dr. Charles Smith

Chiropractors in Cookeville, TN

Max Atnip

Jim Bolton

Bonny Enrico

Melissa S Hall

Todd F Froehlich

Mitchell P Shea

Kenneth Schmittmatzen

Michael Ellis

Joseph B Clifford

William E Barrett

Roseanne Ellis

Attachment C-6.

HSDA utilization by County for the state for Jackson and Putnam Counties

Health Care Providers that MRI Patients Utilized

2012 OCT 24 AM 11 30

Provider County	Provider Type	Provider	Year	Patient County	Number of Procedure s
Clay	HOSP	Cumberland River Hospital	2009	Jackson	5
Davidson	HOSP	Baptist Hospital	2009	Jackson	3
Davidson	ODC	Belle Meade Imaging	2009	Jackson	12
Davidson	HOSP	Centennial Medical Center	2009	Jackson	8
Davidson	PO	Nashville Bone and Joint	2009	Jackson	1
Davidson	HOSP	Nashville General Hospital	2009	Jackson	1
Davidson	ODC	Next Generation Imaging, LLC	2009	Jackson	1
Davidson	ODC	Outpatient Diagnostic Center of Nashville	2009	Jackson	2
Davidson	PO	Pain Management Group, PC	2009	Jackson	18
Davidson	ODC	Premier Orthopaedics and Sports Medicine	2009	Jackson	3
Davidson	ODC	Premier Radiology Belle Meade	2009	Jackson	12
Davidson	ODC	Premier Radiology Edmondson Pike	2009	Jackson	2
Davidson	ODC	Premier Radiology Hermitage	2009	Jackson	2
Davidson	ODC	Premier Radiology Nashville	2009	Jackson	2
Davidson	HOSP	Skyline Medical Center	2009	Jackson	1
Davidson	ODC	Specialty MRI	2009	Jackson	2
Davidson	HOSP	St. Thomas Hospital	2009	Jackson	18
Davidson	HOSP	Summit Medical Center	2009	Jackson	4
Davidson	PO	Tennessee Orthopaedic Alliance Imaging	2009	Jackson	4
Davidson	HOSP	Vanderbilt University Hospital	2009	Jackson	28
DeKalb	HOSP	DeKalb Community Hospital	2009	Jackson	1
Fentress	HOSP	Jamestown Regional Medical Center	2009	Jackson	2
Hamilton	RPO	Chattanooga Imaging East	2009	Jackson	1
Hamilton	PO	Chattanooga Orthopaedic Group PC	2009	Jackson	1
Hamilton	HOSP	Erlanger Medical Center	2009	Jackson	3
Hamilton	HOSP	Memorial Hixson Hospital	2009	Jackson	17
Hamilton	HOSP	Memorial Hospital	2009	Jackson	133
Knox	HOSP	Fort Sanders Regional Medical Center	2009	Jackson	2
Knox	HODC	Fort Sanders West Diagnostic Center	2009	Jackson	4
Knox	HOSP	Parkwest Medical Center	2009	Jackson	1
Knox	HOSP	Turkey Creek Medical Center	2009	Jackson	1
Overton	HOSP	Livingston Regional Hospital	2009	Jackson	23
Putnam	HOSP	Cookeville Regional Medical Center	2009	Jackson	381
Putnam	ODC	Premier Diagnostic Imaging, LLC	2009	Jackson	207
Rutherford	HOSP	Middle Tennessee Medical Center	2009	Jackson	1
Smith	HOSP	Riverview Regional Medical Center North	2009	Jackson	117
Sumner	H-Imaging	Diagnostic Center at Sumner Station	2009	Jackson	1
Sumner	HOSP	Sumner Regional Medical Center	2009	Jackson	8

White	HOSP	Highland Medical Center	2009	Jackson	3
Williamson	ODC	Premier Radiology Cool Springs	2009	Jackson	1
Wilson	PO	Premier Radiology - Mt. Juliet	2009	Jackson	5
Wilson	PO	Tennessee Orthopedics	2009	Jackson	6
Wilson	HOSP	University Medical Center	2009	Jackson	8

Number of Procedures for Patients from Jackson County**1056**

Anderson	HOSP	Methodist Medical Center - Oak Ridge	2009	Putnam	2
Bradley	HOSP	Skyridge Medical Center - Westside	2009	Putnam	1
Cannon	HOSP	Stones River Hospital	2009	Putnam	7
Coffee	HOSP	United Regional Medical Center	2009	Putnam	17
Cumberland	HOSP	Cumberland Medical Center, Inc.	2009	Putnam	128
Davidson	HOSP	Baptist Hospital	2009	Putnam	23
Davidson	ODC	Belle Meade Imaging	2009	Putnam	93
Davidson	HOSP	Centennial Medical Center	2009	Putnam	53
Davidson	PO	Center for Inflammatory Disease	2009	Putnam	4
Davidson	PO	Elite Sports Medicine & Orthopaedic Center	2009	Putnam	37
Davidson	ODC	Hillsboro Imaging	2009	Putnam	31
Davidson	ODC	Millennium MRI, LLC	2009	Putnam	6
Davidson	HOSP	Nashville General Hospital	2009	Putnam	1
Davidson	ODC	Next Generation Imaging, LLC	2009	Putnam	6
Davidson	H-Imaging	One Hundred Oaks Breast Center	2009	Putnam	6
Davidson	ODC	One Hundred Oaks Imaging	2009	Putnam	18
Davidson	ODC	Outpatient Diagnostic Center of Nashville	2009	Putnam	8
Davidson	PO	Pain Management Group, PC	2009	Putnam	60
Davidson	ODC	Premier Orthopaedics and Sports Medicine	2009	Putnam	14
Davidson	ODC	Premier Radiology Belle Meade	2009	Putnam	58
Davidson	ODC	Premier Radiology Edmondson Pike	2009	Putnam	5
Davidson	ODC	Premier Radiology Hermitage	2009	Putnam	7
Davidson	ODC	Premier Radiology Nashville	2009	Putnam	16
Davidson	HOSP	Skyline Medical Center	2009	Putnam	24
Davidson	HOSP	Southern Hills Medical Center	2009	Putnam	3
Davidson	ODC	Specialty MRI	2009	Putnam	27
Davidson	HOSP	St. Thomas Hospital	2009	Putnam	51
Davidson	HOSP	Summit Medical Center	2009	Putnam	10
Davidson	HODC	Summit Medical Center - ODC	2009	Putnam	5
Davidson	PO	Tennessee Orthopaedic Alliance Imaging	2009	Putnam	47
Davidson	HOSP	Vanderbilt University Hospital	2009	Putnam	289
DeKalb	HOSP	DeKalb Community Hospital	2009	Putnam	32
Dickson	PO	Dickson Medical Associates South	2009	Putnam	1
Fentress	ODC	Fentress Health Systems	2009	Putnam	51
Fentress	HOSP	Jamestown Regional Medical Center	2009	Putnam	14
Franklin	ODC	Summit Open MRI, Inc.	2009	Putnam	1
Hamilton	RPO	Chattanooga Imaging East	2009	Putnam	4

Hamilton	PO	Chattanooga Orthopaedic Group PC	2009	Putnam	1
Hamilton	HOSP	Erlanger Medical Center	2009	Putnam	24
Hamilton	RPO	Tennessee Imaging and Vein Center	2009	Putnam	1
Knox	RPO	Abercrombie Radiology	2009	Putnam	6
Knox	HOSP	East Tennessee Children's Hospital	2009	Putnam	5
Knox	HOSP	Fort Sanders Regional Medical Center	2009	Putnam	7
Knox	HODC	Fort Sanders West Diagnostic Center	2009	Putnam	1
Knox	PO	Knoxville Comprehensive Breast Center	2009	Putnam	14
Knox	ODC	Outpatient Diagnostic Center of Knoxville	2009	Putnam	4
Knox	HOSP	Parkwest Medical Center	2009	Putnam	6
Knox	PO	Tennessee Orthopaedic Clinics - Regional MRI	2009	Putnam	1
Knox	PO	Tennessee Orthopaedic Clinics, PC	2009	Putnam	4
Knox	HOSP	University of Tennessee Medical Center	2009	Putnam	16
Overton	HOSP	Livingston Regional Hospital	2009	Putnam	118
Putnam	HOSP	Cookeville Regional Medical Center	2009	Putnam	3701
Putnam	ODC	Premier Diagnostic Imaging, LLC	2009	Putnam	2220
Rutherford	ODC	Imaging Center of Murfreesboro	2009	Putnam	2
Rutherford	ODC	Middle Tennessee Imaging Murfreesboro	2009	Putnam	1
Rutherford	ODC	Middle Tennessee Imaging Smyrna	2009	Putnam	2
Rutherford	HOSP	Middle Tennessee Medical Center	2009	Putnam	4
Rutherford	PO	Murfreesboro Medical Clinic-Garrison Drive	2009	Putnam	4
Rutherford	PO	Tennessee Orthopaedic Alliance Imaging	2009	Putnam	2
Shelby	HOSP	Baptist Memorial Hospital - Memphis	2009	Putnam	2
Shelby	PO	Campbell Clinic Inc	2009	Putnam	1
Shelby	HOSP	LeBonheur Children's Medical Center	2009	Putnam	2
Shelby	HOSP	Methodist Healthcare-North Hospital	2009	Putnam	3
Smith	HOSP	Riverview Regional Medical Center North	2009	Putnam	98
Sullivan	HOSP	Holston Valley Medical Center	2009	Putnam	1
Sumner	HOSP	Hendersonville Medical Center	2009	Putnam	1
Sumner	HODC	Outpatient Imaging Center at Hendersonville Medi	2009	Putnam	1
Sumner	HOSP	Sumner Regional Medical Center	2009	Putnam	4
Warren	HOSP	River Park Hospital	2009	Putnam	22
Washingto	PO	Watauga Orthopaedics, PLC	2009	Putnam	1
White	HOSP	Highland Medical Center	2009	Putnam	76
Williamson	ODC	Cool Springs Imaging	2009	Putnam	2
Williamson	ODC	Premier Radiology Cool Springs	2009	Putnam	3
Williamson	HOSP	Williamson Medical Center	2009	Putnam	2
Wilson	PO	Premier Radiology - Mt. Juliet	2009	Putnam	29
Wilson	PO	Tennessee Orthopedics	2009	Putnam	9
Wilson	HOSP	University Medical Center	2009	Putnam	12
Number of Procedures for Patients from Putnam County					7573

Health Care Providers that MRI Patients Utilized

Provider County	Provider Type	Provider	Year	Patient County	Number of Procedures
Anderson	HOSP	Methodist Medical Center - Oak Ridge	2010	Jackson	1
Clay	HOSP	Cumberland River Hospital	2010	Jackson	12
Coffee	HOSP	United Regional Medical Center	2010	Jackson	1
Davidson	HOSP	Baptist Hospital	2010	Jackson	1
Davidson	ODC	Belle Meade Imaging	2010	Jackson	9
Davidson	HOSP	Centennial Medical Center	2010	Jackson	10
Davidson	PO	Center for Inflammatory Disease	2010	Jackson	1
Davidson	ODC	Hillsboro Imaging	2010	Jackson	4
Davidson	PO	Nashville Bone and Joint	2010	Jackson	2
Davidson	ODC	Next Generation Imaging, LLC	2010	Jackson	2
Davidson	ODC	One Hundred Oaks Imaging	2010	Jackson	1
Davidson	PO	Pain Management Group, PC	2010	Jackson	19
Davidson	ODC	Premier Orthopaedics and Sports Medicine	2010	Jackson	1
Davidson	ODC	Premier Radiology Belle Meade	2010	Jackson	12
Davidson	ODC	Premier Radiology Hermitage	2010	Jackson	2
Davidson	HOSP	Skyline Medical Center	2010	Jackson	7
Davidson	ODC	Specialty MRI	2010	Jackson	3
Davidson	ODC	St. Thomas Heart	2010	Jackson	2
Davidson	HOSP	St. Thomas Hospital	2010	Jackson	7
Davidson	HOSP	Summit Medical Center	2010	Jackson	2
Davidson	HODC	Summit Medical Center - ODC	2010	Jackson	1
Davidson	PO	Tennessee Orthopaedic Alliance Imaging	2010	Jackson	4
Davidson	HOSP	Vanderbilt University Hospital	2010	Jackson	27
Fentress	ODC	Fentress Health Systems	2010	Jackson	2
Franklin	HOSP	Southern Tennessee Medical Center	2010	Jackson	4
Hamilton	HOSP	Erlanger Medical Center	2010	Jackson	5
Hamilton	HOSP	Memorial Hixson Hospital	2010	Jackson	8
Hamilton	HOSP	Memorial Hospital	2010	Jackson	177
Hamilton	ODC	Premier Radiology Chattanooga	2010	Jackson	51
Knox	RPO	Abercrombie Radiology	2010	Jackson	1
Knox	ODC	Outpatient Diagnostic Center of Knoxville	2010	Jackson	1
Knox	HOSP	Turkey Creek Medical Center	2010	Jackson	70
Overton	HOSP	Livingston Regional Hospital	2010	Jackson	40
Putnam	HOSP	Cookeville Regional Medical Center	2010	Jackson	387
Rutherford	ODC	Middle Tennessee Imaging Smyrna	2010	Jackson	1
Rutherford	HOSP	Middle Tennessee Medical Center	2010	Jackson	2
Smith	HOSP	Riverview Regional Medical Center North	2010	Jackson	52
Sumner	HOSP	Hendersonville Medical Center	2010	Jackson	3

Sumner	HOSP	Sumner Regional Medical Center	2010	Jackson	2
Warren	HOSP	River Park Hospital	2010	Jackson	2
Williamson	PO	Vanderbilt Bone and Joint	2010	Jackson	1
Wilson	PO	Premier Radiology - Mt. Juliet	2010	Jackson	1
Wilson	PO	Tennessee Orthopedics	2010	Jackson	11
Wilson	HOSP	University Medical Center	2010	Jackson	17
Number of Procedures for Patients from Jackson County					969

Blount	HOSP	Blount Memorial Hospital	2010	Putnam	3
Cannon	HOSP	Stones River Hospital	2010	Putnam	2
Carroll	ODC	McKenzie Medical Center	2010	Putnam	1
Coffee	HOSP	United Regional Medical Center	2010	Putnam	7
Cumberland	HOSP	Cumberland Medical Center, Inc.	2010	Putnam	115
Davidson	HOSP	Baptist Hospital	2010	Putnam	25
Davidson	ODC	Belle Meade Imaging	2010	Putnam	99
Davidson	HOSP	Centennial Medical Center	2010	Putnam	54
Davidson	PO	Center for Inflammatory Disease	2010	Putnam	5
Davidson	PO	Elite Sports Medicine & Orthopaedic Center	2010	Putnam	54
Davidson	ODC	Hillsboro Imaging	2010	Putnam	40
Davidson	ODC	Millennium MRI, LLC	2010	Putnam	8
Davidson	PO	Nashville Bone and Joint	2010	Putnam	1
Davidson	HOSP	Nashville General Hospital	2010	Putnam	2
Davidson	H-Imaging	One Hundred Oaks Breast Center	2010	Putnam	4
Davidson	ODC	One Hundred Oaks Imaging	2010	Putnam	22
Davidson	ODC	Outpatient Diagnostic Center of Nashville	2010	Putnam	12
Davidson	PO	Pain Management Group, PC	2010	Putnam	58
Davidson	ODC	Premier Orthopaedics and Sports Medicine	2010	Putnam	22
Davidson	ODC	Premier Radiology Belle Meade	2010	Putnam	44
Davidson	ODC	Premier Radiology Edmondson Pike	2010	Putnam	1
Davidson	ODC	Premier Radiology Hermitage	2010	Putnam	11
Davidson	ODC	Premier Radiology Nashville	2010	Putnam	14
Davidson	HOSP	Skyline Medical Center	2010	Putnam	13
Davidson	ODC	Specialty MRI	2010	Putnam	28
Davidson	ODC	St. Thomas Heart	2010	Putnam	32
Davidson	HOSP	St. Thomas Hospital	2010	Putnam	42
Davidson	HOSP	Summit Medical Center	2010	Putnam	12
Davidson	HODC	Summit Medical Center - ODC	2010	Putnam	10
Davidson	PO	Tennessee Orthopaedic Alliance Imaging	2010	Putnam	50
Davidson	HOSP	Vanderbilt University Hospital	2010	Putnam	343
DeKalb	HOSP	DeKalb Community Hospital	2010	Putnam	27
Dickson	HOSP	Horizon Medical Center	2010	Putnam	1
Fentress	ODC	Fentress Health Systems	2010	Putnam	60
Franklin	ODC	Summit Open MRI, Inc.	2010	Putnam	2
Hamilton	RPO	Chattanooga Imaging East	2010	Putnam	3

Hamilton	H-Imaging	Erlanger East Imaging	2010	Putnam	1
Hamilton	HOSP	Erlanger Medical Center	2010	Putnam	44
Hamilton	PO	Neurosurgical Group of Chattanooga, P.C.	2010	Putnam	3
Hamilton	RPO	Tennessee Imaging and Vein Center	2010	Putnam	1
Knox	RPO	Abercrombie Radiology	2010	Putnam	8
Knox	HOSP	East Tennessee Children's Hospital	2010	Putnam	3
Knox	HOSP	Fort Sanders Regional Medical Center	2010	Putnam	2
Knox	HODC	Fort Sanders West Diagnostic Center	2010	Putnam	7
Knox	PO	Knoxville Comprehensive Breast Center	2010	Putnam	12
Knox	HOSP	North Knoxville Medical Center	2010	Putnam	2
Knox	ODC	Outpatient Diagnostic Center of Knoxville	2010	Putnam	1
Knox	HOSP	Parkwest Medical Center	2010	Putnam	2
Knox	HOSP	Physicians Regional Medical Center	2010	Putnam	2
Knox	HOSP	Turkey Creek Medical Center	2010	Putnam	1
Knox	HOSP	University of Tennessee Medical Center	2010	Putnam	9
Madison	HOSP	Jackson Madison County General Hospital	2010	Putnam	2
Madison	ODC	Sports Orthopedics and Spine	2010	Putnam	1
Montgome	ODC	Clarksville Imaging Center, LLC	2010	Putnam	1
Morgan	ASTC/ODC	Ambulatory Care Center of Wartburg	2010	Putnam	3
Overton	HOSP	Livingston Regional Hospital	2010	Putnam	88
Putnam	HOSP	Cookeville Regional Medical Center	2010	Putnam	3923
Robertson	HOSP	Northcrest Medical Center	2010	Putnam	3
Rutherford	ODC	Imaging Center of Murfreesboro	2010	Putnam	6
Rutherford	HOSP	Middle Tennessee Medical Center	2010	Putnam	5
Rutherford	HOSP	Stonecrest Medical Center	2010	Putnam	2
Rutherford	PO	Tennessee Orthopaedic Alliance Imaging	2010	Putnam	2
Shelby	HOSP	Baptist Memorial Hospital - Memphis	2010	Putnam	2
Shelby	HOSP	LeBonheur Children's Medical Center	2010	Putnam	1
Shelby	ODC	Park Avenue Diagnostic Center	2010	Putnam	1
Smith	HOSP	Riverview Regional Medical Center North	2010	Putnam	73
Sullivan	HOSP	Holston Valley Medical Center	2010	Putnam	1
Sumner	H-Imaging	Diagnostic Center at Sumner Station	2010	Putnam	2
Sumner	HODC	Outpatient Imaging Center at Hendersonville Medi	2010	Putnam	4
Sumner	PO	Southern Sports Medicine Institute, PLLC	2010	Putnam	1
Sumner	HOSP	Sumner Regional Medical Center	2010	Putnam	10
Warren	HOSP	River Park Hospital	2010	Putnam	7
Washingto	PO	Watauga Orthopaedics, PLC	2010	Putnam	2
Williamson	ODC	Cool Springs Imaging	2010	Putnam	13
Williamson	PO	Vanderbilt Bone and Joint	2010	Putnam	2
Williamson	HOSP	Williamson Medical Center	2010	Putnam	3
Wilson	PO	Premier Radiology - Mt. Juliet	2010	Putnam	19
Wilson	PO	Tennessee Orthopedics	2010	Putnam	8
Wilson	HOSP	University Medical Center	2010	Putnam	37

Number of Procedures for Patients from Putnam County

5547

Medical Equipment Registry - 10/19/2012

Health Care Providers that MRI Patients Utilized

Provider County	Provider Type	Provider	Year	Patient County	Number of Procedure s
Coffee	HOSP	United Regional Medical Center	2011	Jackson	1
Davidson	HOSP	Baptist Hospital	2011	Jackson	2
Davidson	ODC	Belle Meade Imaging	2011	Jackson	7
Davidson	HOSP	Centennial Medical Center	2011	Jackson	3
Davidson	PO	Center for Inflammatory Disease	2011	Jackson	1
Davidson	ODC	Hillsboro Imaging	2011	Jackson	10
Davidson	ODC	Millennium MRI, LLC	2011	Jackson	3
Davidson	ODC	Next Generation Imaging, LLC	2011	Jackson	4
Davidson	ODC	One Hundred Oaks Imaging	2011	Jackson	1
Davidson	PO	Pain Management Group, PC	2011	Jackson	1
Davidson	ODC	Premier Orthopedics and Sports Medicine	2011	Jackson	3
Davidson	ODC	Premier Radiology Belle Meade	2011	Jackson	4
Davidson	ODC	Premier Radiology Hermitage	2011	Jackson	5
Davidson	ODC	Premier Radiology Nashville	2011	Jackson	1
Davidson	HOSP	Skyline Medical Center	2011	Jackson	9
Davidson	ODC	Specialty MRI	2011	Jackson	2
Davidson	ODC	St. Thomas Heart	2011	Jackson	3
Davidson	HOSP	St. Thomas Hospital	2011	Jackson	4
Davidson	HOSP	Summit Medical Center	2011	Jackson	4
Davidson	PO	Tennessee Orthopaedic Alliance Imaging	2011	Jackson	3
Davidson	HOSP	Vanderbilt University Hospital	2011	Jackson	43
Fentress	ODC	Fentress Health Systems	2011	Jackson	3
Franklin	HOSP	Southern Tennessee Medical Center	2011	Jackson	4
Hamilton	HOSP	Erlanger Medical Center	2011	Jackson	6
Hamilton	HOSP	Memorial Hixson Hospital	2011	Jackson	12
Hamilton	HOSP	Memorial Hospital	2011	Jackson	130
Hamilton	H-Imaging	Memorial Ooltewah Imaging Center	2011	Jackson	2
Maury	PO	Mid Tennessee Bone and Joint Clinic, PC	2011	Jackson	1
Overton	HOSP	Livingston Regional Hospital	2011	Jackson	28
Putnam	HOSP	Cookeville Regional Medical Center	2011	Jackson	404
Putnam	ODC	Premier Diagnostic Imaging, LLC	2011	Jackson	170
Rutherford	ODC	Middle Tennessee Imaging Murfreesboro	2011	Jackson	1
Rutherford	PO	Tennessee Orthopaedic Alliance Imaging	2011	Jackson	1
Shelby	HOSP	Baptist Memorial Hospital - Memphis	2011	Jackson	2
Smith	HOSP	Riverview Regional Medical Center North	2011	Jackson	45

Sumner	HOSP	Sumner Regional Medical Center	2011	Jackson	2
White	HOSP	Highland Medical Center	2011	Jackson	3
Williamson	ODC	Cool Springs Imaging	2011	Jackson	1
Williamson	PO	Vanderbilt Bone and Joint	2011	Jackson	1
Wilson	PO	Premier Radiology - Mt. Juliet	2011	Jackson	2
Wilson	PO	Tennessee Orthopedics	2011	Jackson	2
Wilson	HOSP	University Medical Center	2011	Jackson	6
Number of Procedures for Patients from Jackson County					940
Anderson	HOSP	Methodist Medical Center - Oak Ridge	2011	Putnam	3
Cannon	HOSP	Stones River Hospital	2011	Putnam	4
Coffee	HOSP	United Regional Medical Center	2011	Putnam	2
Cumberland	HOSP	Cumberland Medical Center, Inc.	2011	Putnam	113
Davidson	HOSP	Baptist Hospital	2011	Putnam	18
Davidson	ODC	Belle Meade Imaging	2011	Putnam	78
Davidson	HOSP	Centennial Medical Center	2011	Putnam	48
Davidson	PO	Center for Inflammatory Disease	2011	Putnam	2
Davidson	PO	Elite Sports Medicine & Orthopaedic Center	2011	Putnam	49
Davidson	PO	Heritage Medical Associates-Murphy Avenue	2011	Putnam	2
Davidson	ODC	Hillsboro Imaging	2011	Putnam	40
Davidson	ODC	Millennium MRI, LLC	2011	Putnam	6
Davidson	ODC	Next Generation Imaging, LLC	2011	Putnam	7
Davidson	H-Imaging	One Hundred Oaks Breast Center	2011	Putnam	8
Davidson	ODC	One Hundred Oaks Imaging	2011	Putnam	25
Davidson	ODC	Outpatient Diagnostic Center of Nashville	2011	Putnam	15
Davidson	PO	Pain Management Group, PC	2011	Putnam	68
Davidson	ODC	Premier Orthopaedics and Sports Medicine	2011	Putnam	9
Davidson	ODC	Premier Radiology Belle Meade	2011	Putnam	29
Davidson	ODC	Premier Radiology Edmondson Pike	2011	Putnam	2
Davidson	ODC	Premier Radiology Hermitage	2011	Putnam	14
Davidson	ODC	Premier Radiology Nashville	2011	Putnam	18
Davidson	HOSP	Skyline Medical Center	2011	Putnam	17
Davidson	HOSP	Southern Hills Medical Center	2011	Putnam	1
Davidson	ODC	Specialty MRI	2011	Putnam	18
Davidson	ODC	St. Thomas Heart	2011	Putnam	25
Davidson	HOSP	St. Thomas Hospital	2011	Putnam	61
Davidson	HOSP	Summit Medical Center	2011	Putnam	6
Davidson	HODC	Summit Medical Center - ODC	2011	Putnam	9
Davidson	PO	Tennessee Orthopaedic Alliance Imaging	2011	Putnam	52
Davidson	HOSP	Vanderbilt University Hospital	2011	Putnam	391
DeKalb	HOSP	DeKalb Community Hospital	2011	Putnam	26
Dickson	HOSP	Horizon Medical Center	2011	Putnam	1
Fentress	ODC	Fentress Health Systems	2011	Putnam	80
Franklin	ODC	Summit Open MRI, Inc.	2011	Putnam	1

Hamilton	RPO	Chattanooga Imaging East	2011	Putnam	1
Hamilton	PO	Chattanooga Orthopaedic Group PC	2011	Putnam	2
Hamilton	HOSP	Erlanger Medical Center	2011	Putnam	77
Hamilton	RPO	Tennessee Imaging and Vein Center	2011	Putnam	2
Hardin	HOSP	Hardin Medical Center	2011	Putnam	1
Knox	RPO	Abercrombie Radiology	2011	Putnam	6
Knox	HOSP	East Tennessee Children's Hospital	2011	Putnam	4
Knox	HOSP	Fort Sanders Regional Medical Center	2011	Putnam	4
Knox	PO	Knoxville Comprehensive Breast Center	2011	Putnam	8
Knox	HOSP	North Knoxville Medical Center	2011	Putnam	3
Knox	ODC	Outpatient Diagnostic Center of Knoxville	2011	Putnam	1
Knox	PO	Tennessee Orthopaedic Clinics, PC	2011	Putnam	1
Knox	HOSP	Turkey Creek Medical Center	2011	Putnam	2
Knox	HOSP	University of Tennessee Medical Center	2011	Putnam	34
Loudon	HOSP	Fort Loudoun Medical Center	2011	Putnam	1
Madison	ODC	Sports Orthopedics and Spine	2011	Putnam	2
Maury	HOSP	Maury Regional Medical Center	2011	Putnam	1
Maury	PO	Mid Tennessee Bone and Joint Clinic, PC	2011	Putnam	1
Montgome	ODC	Clarksville Imaging Center, LLC	2011	Putnam	1
Overton	HOSP	Livingston Regional Hospital	2011	Putnam	101
Putnam	HOSP	Cookeville Regional Medical Center	2011	Putnam	4451
Putnam	ODC	Premier Diagnostic Imaging, LLC	2011	Putnam	1534
Rutherford	ODC	Imaging Center of Murfreesboro	2011	Putnam	2
Rutherford	ODC	Middle Tennessee Imaging Murfreesboro	2011	Putnam	4
Rutherford	PO	Murfreesboro Medical Clinic-Garrison Drive	2011	Putnam	1
Rutherford	HOSP	Stonecrest Medical Center	2011	Putnam	2
Rutherford	PO	Tennessee Orthopaedic Alliance Imaging	2011	Putnam	7
Sevier	HOSP	LeConte Medical Center	2011	Putnam	2
Shelby	HOSP	Baptist Memorial Hospital - Collierville	2011	Putnam	3
Shelby	HOSP	Baptist Memorial Hospital - Memphis	2011	Putnam	1
Shelby	HOSP	LeBonheur Children's Medical Center	2011	Putnam	1
Smith	HOSP	Riverview Regional Medical Center North	2011	Putnam	48
Sullivan	ODC	Holston Valley Imaging Center, LLC	2011	Putnam	1
Sumner	H-Imaging	Diagnostic Center at Sumner Station	2011	Putnam	3
Sumner	HOSP	Hendersonville Medical Center	2011	Putnam	2
Sumner	H-Imaging	Portland Diagnostic Center	2011	Putnam	1
Sumner	HOSP	Sumner Regional Medical Center	2011	Putnam	2
Warren	HOSP	River Park Hospital	2011	Putnam	8
Washingto	ODC	Mountain States Imaging at Med Tech Parkway	2011	Putnam	1
White	HOSP	Highland Medical Center	2011	Putnam	66
Williamson	ODC	Cool Springs Imaging	2011	Putnam	14
Williamson	ODC	Premier Radiology Cool Springs	2011	Putnam	4
Williamson	HOSP	Williamson Medical Center	2011	Putnam	2
Wilson	PO	Premier Radiology - Mt. Juliet	2011	Putnam	29

Wilson	PO	Tennessee Orthopedics	2011	Putnam	17
Wilson	PO	Tennessee Sports Medicine	2011	Putnam	55
Wilson	HOSP	University Medical Center	2011	Putnam	27
Number of Procedures for Patients from Putnam County					7789

Medical Equipment Registry - 10/19/2012

Proof of Publication

Herald-Citizen

PO Box 2729
Cookeville, TN 38502-2729

SUPPLEMENTAL- # 1

October 24, 2012

11:40am

2012 OCT 24 AM 11 30

Satellite Med

1120 Sams Street

Cookeville, TN 38506

Acct# 109469

State of Tennessee

County of Putnam ss

Mike DeLapp, of the city of Cookeville, in said county and state, being duly sworn, on his oath says that he is the Editor & Publisher of the Cookeville Herald-Citizen, a daily newspaper of general circulation published in said city, and that the notice, a printed copy of which is hereto annexed, was published in said newspaper for one (1) day which publication was made on October 10, 2012

Mike DeLapp
Editor and Publisher

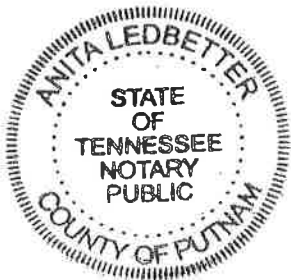
Subscribed and sworn to before me this 19th day of October, 2012.

Anita Ledbetter

Notary Public, Putnam County
State of Tennessee

My commission expires 07/19/16

AMOUNT DUE \$131.52



NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601, et seq., and the Rules of the Health Services and Development Agency, that Satellite Med Imaging, LLC, owner by Satellite Med Imaging, LLC, with an ownership type of limited liability company and to be managed by itself intends to file an application for a Certificate of Need for the establishment of an outpatient diagnostic center to be located in approximately 1200 sq ft. of renovated office space at 1300 Bunker Hill Road, Cookeville Tennessee, and for the initiation of magnetic resonance imaging (MRI) imaging services. The estimated cost is \$701,825.00.

The anticipated date of filing the application is: October 15, 2012

The contact person for this project is Rachel C. Nelley, Attorney, who may be reached at: Nelley & Company, PLLC, 102 Woodmount Blvd., Suite 200, Nashville, TN 37205 or 615-274-4839.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the

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NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

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- 104 Auto/Machine/Equip. Rental
- 103 Automotive Svc. & Repair
- 435 Autos & Trucks Wanted
- 425 Autos For Sale
- 530 Boats, Motors & Equip.
- 305 Business Opp.
- 310 Business Opp. Wanted
- 055 Car Pool
- 010 Card of Thanks
- 123 Carpet & Floorcovering
- 210 Child/Elder Care
- 105 Cleaning
- 432 Comm'l Trucks For Sale
- 740 Comm'l. Indust. For Rent
- 820 Comm'l. Indust. For Sale
- 108 Concrete, Masonry
- 110 Construction Work
- 112 Electrical
- 215 Employment Opportunities
- 615 Farm Tools & Machinery
- 750 Farmland & Pasture Rent
- 835 Farms For Sale
- 315 Financial Services
- 100 Finish Carpentry, Cabinets
- 540 Firewood, Stoves & Related
- 630 Food For Sale
- 515 Garage & Yard Sales
- 113 Grading, Excavating, Paving
- 035 Happy Ads
- 610 Hay, Feed & Grain
- 241 Health Care Employment
- 114 Heating & Cooling
- 855 Home Builders
- 825 Homes For Sale
- 725 Houses For Rent
- 015 In Memory
- 815 Income Property
- 325 Insurance
- 330 Investments
- 205 Jobs Wanted
- 001 Legals
- 605 Livestock, Poultry & Supplies
- 050 Lost and Found
- 840 Lots, Acreage & Resorts
- 710 Misc. For Rent
- 610 Misc. For Sale
- 505 Misc. Wanted
- 735 Mobile Home Spaces
- 730 Mobile Homes For Rent
- 845 Mobile Homes For Sale
- 320 Money Wanted
- 410 Motorcycles & ATV's
- 525 Nuts & Treats
- 040 Offers For Senior Citizen
- 830 Open Houses
- 140 Other
- 120 Painting, Wallpapering
- 030 Personal Notices
- 121 Pest Control
- 545 Pets & Supplies
- 122 Plumbing
- 745 Property Management
- 005 Public Notices
- 850 Real Estate Agents
- 810 Real Estate For Trade
- 805 Real Estate Wanted
- 415 Recreation Vehicles
- 125 Remodeling & Repair Work
- 715 Rooms For Rent
- 277 Sales Employment
- 290 Schools & Instruction
- 127 Sheetrock, Drywall
- 025 Special Notices
- 020 Statewide Classifieds
- 620 Tobacco Base For Rent
- 625 Tobacco Base Wanted
- 405 Trailers, Misc. Equipment
- 130 Tree Service and Related
- 550 Trees, Plants, Flowers
- 283 Trucking Employment
- 430 Trucks For Sale
- 727 Vacation Rentals
- 520 Want To Swap
- 705 Wanted To Rent
- 135 Yard Work and Related

TO PLACE YOUR AD CALL

526-9715

Herald-Citizen

We've Got It All

1300 Neal Street
Cookeville, Tennessee

SUPPLEMENTAL- # 1

October 24, 2012

11:40am

Affidavit

AFFIDAVIT

2012 OCT 24 AM 11 30

STATE OF TENNESSEE

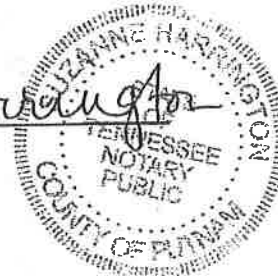
COUNTY OF PutnamNAME OF FACILITY: Satellite Med Imaging, LLC

I, Connie S. Cates, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Connie S. Cates / Secretary
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 23rd day of October, 2012,
witness my hand at office in the County of Putnam, State of Tennessee.

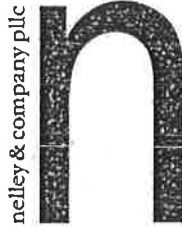
Suzanne Harrington
NOTARY PUBLIC



My commission expires 5/25/16

HF-0043

Revised 7/02



SUPPLEMENTAL- # 2

October 30, 2012

12:00pm

2012 OCT 30 PM 12 00

Rachel C. Nelley, Attorney
rachel@nelleycompany.com
615.274.4838

October 30, 2012

VIA HAND DELIVERY

Mr. Mark Farber
Assistant Executive Director
TN Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

**Re: Certificate of Need Application CN 1210-050
Satellite Med Imaging, LLC**

Dear Mr. Farber:

This letter will serve to follow up the filing of the above-referenced certificate of need application and is submitted as a second supplemental response to your e-mail correspondence dated October 26, 2012, wherein additional information or clarification was requested.

1. Section A, Applicant Profile, Item 4

Your response to this item is noted and that Satellite Med Imaging's Articles of Organization have been received by the Tennessee Secretary of State; however there is no documentation from the Tennessee Secretary of State verifying that Satellite Med Imaging documentation has been accepted so that Satellite Med Imaging may operate in the State of Tennessee as an LLC. Please provide this documentation.

Response: The requested documentation from the Tennessee Secretary of State is included as Attachment A-4.

2. Section A, Applicant Profile, Item 6

Please provide a fully executed Option to Lease/Purchase Agreement or similar document between Satellite Med, PLLC and Satellite Med Imaging, LLC that conveys what has been stated in the narrative response to this supplemental question.

Response: An executed letter of intent is included as Attachment A.6.

Mr. Mark Farber
October 30, 2012
Page 2

2012 OCT 30 PM 12 00

3. Section C, Need, Item 1.a. (Service Specific Criteria-Magnetic Resonance Imaging)(7)(h)

Please document that a physician with a Tennessee telemedicine license physically located off-site in another state can be the medical director of a licensed ODC in Tennessee.

Response: The Applicant intends to comply with all applicable State law. The standards for licensure for an outpatient diagnostic center do not require an outpatient diagnostic center to have a "medical director" nor prohibit one with a Tennessee telemedicine license physically located off-site in another state. Rather:

- Pursuant to Rule 1200-08-35-.04(2), "[t]he governing body or individual responsible [for the conduct of the Outpatient Diagnostic Center] shall appoint a chief executive officer or administrator who is responsible for managing the Outpatient Diagnostic Center. The chief executive officer or administrator shall designate an individual to act for him or her in his or her absence, in order to provide the Outpatient Diagnostic Center with administrative direction at all times;"
- "staffing shall be adequate to provide the services essential to the operation of the Outpatient Diagnostic Center" pursuant to Rule 1200-08-35-.04(6);
- "[e]ach Outpatient Diagnostic Center shall have at all times a licensed physician who shall be responsible for the direction and coordination of medical programs" pursuant to Rule 1200-08-35-.04(9);

Please explain what ACLS certified means.

Response: Advanced Cardiac Life Support.

4. Section C, Need Item 4

Your response to this item is noted; however it is still unclear why the applicant has chosen not to include White County as part of the applicant's service area, since Satellite Med sees almost three times as many patients from White County than Jackson County. Based on current patient origin patterns it seems likely that the applicant will be seeing patients from White County who will be in need of MRI services.

Response: The Applicant meets the criteria drawing patients only from Putnam and Jackson Counties. As stated in the Applicant's first supplemental response, the Applicant elected not to include White County in its proposed service area as it does not anticipate that a significant or consistent number of MRI patients will originate from this county. Although, in 2011, the majority of White County residents sought MRIs from Putnam county providers, the existing MRI provider in White county (White County Community Hospital) has room for growth. In 2011, the facility performed only 994 MRI scans, down from 1094 in 2010 (9.14% decrease in utilization). Of those 994 scans, 728 represent White County residents (73.24%). During the same year, the two Putnam County MRI providers performed 1323 MRI scans on White County residents. 25% of the scans received by White County residents in 2011 were performed in White County. 45.8% of the scans received by White County residents were performed in Putnam County. The last thing that

Mr. Mark Farber
October 30, 2012
Page 3

White County Community Hospital needs is another Putnam County provider actively marketing to White County MRI patients.

How many patient visits did Satellite Med, PLLC have from Overton County?

Response: In 2011, Satellite Med, PLLC experienced 2620 visits from patients from Overton County.

Are there other counties from which Satellite Med, PLLC had more patient visits than Jackson? If yes please identify those counties and the number of visits from the county.

Response: Please see the table below.

County	Patient visits in 2011
White	4451
Overton	2620

There appears to be a typo in the "Total Service Area" column for "Age 65 and over Population as % of Total Population". Please make the correction and submit a revised Demographic Chart.

Response: Please see the revised demographic chart on the following page.

Mr. Mark Farber
October 30, 2012
Page 4

	Jackson County	Putnam County	Total Service Area	State of TN Total
Total Population-Current Year - 2012	11,371	72,958	84,329	6,361,070
Total Population-Projected Year - 2016	11,730	75,365	87,095	6,575,165
Total Population-% change	3.1%	3.2%	3.2%	3.3%
Age 65 and over Population - 2012	1,995	11,184	13,179	878,406
Age 65 and over Population - 2016	2,232	12,637	14,869	981,074
Age 65 and over Population - % change	10.6%	11.5%	11.4%	11%
Age 65 and over Population as % of Total Population	17.5%	15.3%	16.4%	13.8%
Median Household Income (06-2010)	\$32,722	\$35,185	\$33,954	43,314
Median Age	44.7	35.9	40.3	37.6
TennCare Enrollees	2,547	14,208	16,755	1,209,372
TennCare Enrollees as % of Total	22.3%	19.5%	19.9%	19%
Persons Below Poverty Level	2,478	16,310	18,788	1,049,576
Persons Below Poverty Level as % of Total	21.8%	22.3%	22.2%	16.5%
<i>Sources: US Census Bureau and historical data within the medical records of Satellite Med, PLLC</i>				

5. Section C, Need. Item 5

Please identify by county any other counties that accounted for 5% or more of MRI procedures for both Cookeville Regional Medical Center and Premier Diagnostic Imaging in 2011. Please include the number of procedures and the % of total.

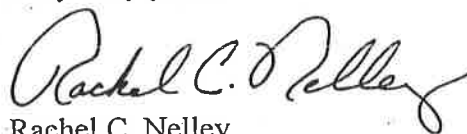
Response: Please see the table on the following page.

Mr. Mark Farber
October 30, 2012
Page 5

Provider County	Provider	Year	Patient County	Number of Procedures	Percent of total
Putnam	Cookeville Regional Medical Center	2011	Cumberland	562	7.09%
Putnam	Cookeville Regional Medical Center	2011	Fentress	326	4.12%
Putnam	Cookeville Regional Medical Center	2011	Overton	568	7.17%
Putnam	Cookeville Regional Medical Center	2011	White	879	11.10%
Putnam	Premier Diagnostic Imaging, LLC	2011	Cumberland	374	9.79%
Putnam	Premier Diagnostic Imaging, LLC	2011	Fentress	263	6.88%
Putnam	Premier Diagnostic Imaging, LLC	2011	Overton	363	9.50%
Putnam	Premier Diagnostic Imaging, LLC	2011	White	444	11.62%

Should you have any questions or require additional information pertaining to this application, please do not hesitate to contact me by telephone at 615.274.4838 or by e-mail at rachel@nelleycompany.com.

Very truly yours,



Rachel C. Nelley
Attorney

Attachments

cc: Connie Cates, Satellite Med Imaging, LLC

Attachment A-4

Articles or organization with documentation from the Secretary of State

Attachment A-6

Letter of Intent between Satellite Med Imaging and Satellite Med, PLLC

October 30, 2012

12:00pm

2012 OCT 30 PM 12:00
October 29, 2012 Attachment A-6

Satellite Med, PLLC
Attn: Chief Manager
1300 Bunker Hill Road
Cookeville, Tennessee 38506

Ms. Wanda Remkus
Mr. Roland DeRive
4300 Burgess Falls Rd.
Cookeville, TN 38506

RE: 1120 Sam's Street, Cookeville, TN 38506

This letter is intended to summarize the principal terms of a proposed transaction in which Satellite Med Imaging, LLC will assume the rights and obligations of Satellite Med, PLLC under that certain Purchase and Sale Agreement for Lease Purchase dated May 1, 2009 (the "Lease Purchase Agreement") with Roland DeRive and Wanda Gail Remkus for the lease and purchase of improved property ("the Property") located at 1300 Bunker Hill Road in Cookeville, Tennessee (the "Proposed Transaction"). Under the terms of the Lease Purchase Agreement, the lease will expire on June 1, 2014, at which time, Roland DeRive and Wanda Gail Remkus have agreed to convey the property to Satellite Med, PLLC.

The Proposed Transaction is subject to, among other things, the approval by the Tennessee Health Services and Development Agency of the certificate of need application (the "CON Application") filed by Satellite Med Imaging, LLC to operate an imaging center at 1300 Bunker Hill Road and initiate MRI services.

If the CON Application is approved, beginning in June 2013 and continuing thereafter for a term of one (1) year, Satellite Med Imaging, LLC will assume the lease for 9,500 sq ft of space in the building, and upon expiration of the one (1) year lease term, will secure financing to purchase the building. Satellite Med, PLLC will sublease the 2,200 sq ft of office space that it currently uses from Satellite Med Imaging, LLC for the period June 1, 2013 through June 1, 2014. Beginning June 1, 2014, and continuing for a period of ____ years, Satellite Med, PLLC will lease the 2,200 sq ft of office space that it utilizes from Satellite Med Imaging, LLC at the rate of \$16 per foot (\$35,200 per year). As additional rent, Satellite Med PLLC will pay a pro rata share of the utilities, property taxes and maintenance fees applicable to the 2,200 square feet of space it utilizes.

Satellite Med Imaging, LLC will be responsible for all costs associated with renovation of the leased premises.

SUPPLEMENTAL- # 2

October 30, 2012

12:00pm

Attachment A-6

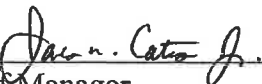
If you are in agreement with this proposal, please indicate your acceptance by signing in the space provided below. It is agreed and contemplated that a full and complete agreement containing these as well as other mutually acceptable terms and provisions will be prepared.

Sincerely,



Chief Manager
Satellite Med Imaging, LLC

AGREED TO AND ACCEPTED:



Chief Manager
Satellite Med, PLLC

AFFIDAVIT

2012 OCT 30 PM 12 00

STATE OF TENNESSEE

COUNTY OF PutnamNAME OF FACILITY: Satellite Med Imaging, LLC

I, Connie S. Cates, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Connie S. Cates / Secretary
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 30th day of October, 2012,
witness my hand at office in the County of Putnam, State of Tennessee.

NOTARY PUBLIC

My commission expires 2-27, 16

HF-0043

Revised 7/02



2012 OCT -9 PM 4: 53

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Herald Citizen which is a newspaper
of general circulation in Putnam, Tennessee, on or before October 15, 2012
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Satellite Med Imaging, LLC

(Name of Applicant)

(Facility Type-Existing)

owned by Satellite Med Imaging, LLC with an ownership type of limited liability company
and to be managed by: itself intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]:

the establishment of an outpatient diagnostic center to be located in approximately 1200 sq. ft. of renovated office space at 1300 Bunker Hill Road, Cookeville, Tennessee, and for the initiation of magnetic resonance imaging (MRI) imaging services. The estimated project cost is \$701,825.00.

The anticipated date of filing the application is: October 15, 2012

The contact person for this project is Rachel C. Nelley Attorney

(Contact Name)

(Title)

who may be reached at: Nelley & Company, PLLC 102 Woodmont Blvd., Suite 200

(Company Name)

(Address)

Nashville

(City)

TN

(State)

37205

(Zip Code)

615-274-4839

(Area Code / Phone Number)



(Signature)

10-10-2012

(Date)

rachel@nelleycompany.com

(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF HEALTH STATISTICS
615-741-1954**

DATE: December 31, 2012

APPLICANT: Satellite Med LLC
1300 Bunker Hill Road
Cookeville, Tennessee 38506

CON# CN1210-050

CONTACT PERSON: Rachel C. Nelley, Esquire
Nelley & Company, PLLC
102 Woodmont Boulevard, Suite 200
Nashville, TN 37205

COST: \$701,825

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Health Statistics, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's Health: Guidelines for Growth, 2000 Edition*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

Satellite Med Imaging, LLC is filing a Certificate of Need for the establishment of an outpatient diagnostic center to be located in approximately 1,200 square feet of renovated office space at 1300 Bunker Hill Road in Cookeville, Tennessee, and for the initiation of magnetic resonance imaging services.

Satellite Med. Imaging, LLC is seeking to acquire a used 2000 Siemen's Symphony 1.5 Tesla closed bore magnetic resonance imaging (MRI) system and initiate MRI services to residents of Jackson and Putnam counties in the proposed outpatient diagnostic center located within a 9,500 square foot office building of which a 2,200 square foot space will be used by the physicians of Satellite Med, PLLC a group practice that will refer patients needing MRIs to the applicant's ODC/MRI.

The medical offices and the imaging suite will share the same front door access. Once inside, the clearly marked glass doors will indicate the imaging suite. The ODC/MRI will have a reception area containing space for 12 patient/family members. The imaging suite will contain an ADA accessible restroom, a receptionist counter and work space for the employees. The applicant reports that the MRI operation station will be located beyond the reception area through a door with a 4 foot hallway on the far right. The 1.5 Tesla will be central with a storage room and computer/equipment room located on the far left. Two dressing rooms will be located down the hall immediately on the left with wheelchair accessibility.

Satellite Med Imaging, LLC is an entity owned 10% by the medical practice of Satellite Med, PLLC. 88.4% of Satellite Med PLLC is owned by James W. Cates, MD. His wife, Ms. Connie Cates is the remaining owner of Satellite Med Imaging, LLC with 15%.

Satellite Med. Imaging, LLC and Satellite Med., PLLC share the same management. Satellite Med Imaging, LLC expects that the majority of its patients will be referred by the five (5) physicians at Satellite Med, PLLC who currently refer, on the average, 25 MRI scans per week. Since the goal of Satellite Med Imaging, LLC is to offer an affordable alternative to higher cost MRI services and to ensure prompt and efficient delivery of care to patients in the community, the applicant will offer discounted prices and provide all referring providers access to its PAC system which will enable referring providers to view scans and reports electronically.

The total project cost is \$701,856. The project will be guaranteed by Roger Julian in the form of a promissory note and a security agreement as set forth in Attachment C Economic Feasibility 2.A. The terms of the agreement state that the money will be loaned to Satellite Med Imaging, LLC using the Siemens Symphony 1.5 Tesla MRI system as collateral for \$150,000 and creating a \$300,000 lien on Satellite Med, LLC. The applicant will repay the loan at an interest rate of 8 percent over a 7 year period with the first year interest and principal to be paid as a balloon payment to ensure operational cash until the planned number of studies is reached monthly.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition*.

NEED:

The applicant's proposed service area is Jackson and Putnam counties. The following chart illustrates the total population projections for 2013 and 2017 for the service area.

Service Area Total Population Projections for 2013 and 2017			
County	2013 Population	2017 Population	% Increase/ (Decrease)
Jackson	11,503	11,797	1.8%
Putnam	73,212	76,042	1.1%
Totals	84,715	87,839	3.7%

Source: *Tennessee Population Projections 2000-2020, February 2008 Revision*, Tennessee Department of Health, Division of Health Statistics

The applicant provided demographic data projections sourced from the U.S. Census Bureau for 2012 and 2016. Based on these projections the total population of the two county service area will be 84,329 in 2012 and 87,095 in 2016. The number of persons below the poverty level as a percentage of the population was 21.8% in Jackson County and 22.3% in Putnam County in 2012 according to the table provided in Supplemental Response 2 dated 10/30/2012.

The project, according to Section B-Project Description pages 7-9 meets the following service area needs: Existing scanners in the service area are operating at over capacity. According to the Provider Medical Equipment Report dated 9/11/2012, provided by HSDA the two MRI providers in the service area averaged 3,428 procedures per each of their four MRI units. The optimal efficiency, according to the Guidelines for Growth for a single stationary MRI unit is 2,880 procedures per year.

The following chart illustrates MRI utilization in the applicant's service area for 2009, 2010, and 2011, according to the data provided to the Tennessee Department of Health, Division of Policy, Planning and Assessment by HSDA.

Service Area MRI Utilization						
County	Provider Type	Provider	Year	Number of	Mobile?	Procedures
Putnam	HOSP	Cookeville Regional Medical Center	2009	2	Fixed	3510
Putnam	HOSP	Cookeville Regional Medical Center	2010	2	Fixed	3449
Putnam	HOSP	Cookeville Regional Medical Center	2011	2	Fixed	3968
Putnam	ODC	Premier Diagnostic Imaging, LLC	2009	2	Fixed	2033
Putnam	ODC	Premier Diagnostic Imaging, LLC	2010	2	Fixed	2000
Putnam	ODC	Premier Diagnostic Imaging, LLC	2011	2	Fixed	1514

Source: *HSDA Equipment Registry*

The service area residents experience delays in receiving medically necessary imaging services because of the high utilization of MRI services, per the applicant's analysis of HSDA data and Satellite Med, PLLC

practice data.

Another factor impacting MRI service availability is the typical hours of operation of hospital based and outpatient MRI scanners. To remedy this situation the proposed ODC/MRI will be open from 7 am until 7 pm Monday thru Friday and Saturday 9 am until 5 pm. To further increase accessibility the ODC/MRI will be open on all holidays except Thanksgiving and Christmas.

A key factor in this CON project is the reduction in the actual cost of the MRI services to the residents of the service area. According to HSDA data, in 2012 the average charge for a MRI scan was \$1,423.08 and in 2010 it was \$1,578.09. The narrative states Satellite Med, PLLC has been aware for some time of the need to reduce the negative financial impact upon its client base and has in fact partnered with Cookeville Regional Hospital and Premier Diagnostic Center to reduce the cash outlay for some MRI studies to \$500 for Satellite Med, PLLC patients referred to their facilities. This was however not an optimal solution to the problem, per the applicant. The applicant believes Satellite Med Imaging, LLC can lower the actual cost to the individual receiving the MRI scan by charging a flat fee of \$425 for each scan regardless of whether or not the client has insurance. This would restore competitive forces in the service area and directly benefit the underinsured, noninsured and private pay clientele.

TENNCARE/MEDICARE ACCESS:

The following chart illustrates the TennCare enrollees in the applicant's service area.

TennCare Enrollees in the Proposed Service Area			
County	2013 Population	TennCare Enrollees	% of Total Population
Jackson	11,503	2,573	22.4%
Putnam	73,212	14,196	19.4%
Total	84,715	16,769	19.7%

Source: *Tennessee Population Projections 2000-2020*, February 2008 Revision Tennessee Department of Health, Division of Health Statistics and *Tennessee TennCare Management Information System, Recipient Enrollment*, Bureau of TennCare,

The applicant does not intend to become a Medicare and/or a TennCare provider.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

In the Project Costs Chart, the total estimated project cost is \$701,825, which includes \$12,000 for legal, administrative and consultant fees; \$41,000 for site preparation; \$318,700 for the MRI system (see Attachment C-1. A.7 found on page two of the Project Costs Chart for a detailed cost breakdown); \$30,000 for other costs such as computer software, equipment and furnishings as found on page two Attachment C-1. A.9 of the Project Costs Chart; \$169,125 for the facility lease; a \$96,000 reserve for one year's debt service and \$3,000 for the CON filing fee.

The Historical Data Chart presented in Attachment C-Economic Feasibility.4.a.b.c. of the application reflects the financial history of Satellite Med, PLLC. The applicant Satellite Med Imaging, LLC has no historical financial data

The Projected Data Chart presented in Attachment C-Economic Feasibility.6.B.a. of the application projects 2,805 procedures in year one and 3,234 procedures in year two with gross operating revenues of \$1,227,325 and \$1,409,650 each year respectively. Contractual adjustments, provisions for charity care and bad debt reduced net operating revenues to \$1,120,422.75 and \$1,293,116.70 in each respective year. The applicant projects a net operating income less capital expenditures of \$423,471.75 and \$476,606.90 each year respectively.

The applicant projects a gross charge of \$425. The deductions from operating revenue will amount to \$38.11 resulting in a net charge of \$386.89, including the reading fee. By way of comparison, Cookeville Regional Medical Center in its approved Certificate of Need CN0909-047A projects an average gross

charge of \$1,621 with an average deduction of \$1,094 resulting in an average net charge of \$527 in its first year of operation according to the 11/30/2009 Certificate of Need Report prepared by the Tennessee Department of Health, Office of Health Statistics.

The expected payor mix is projected to replicate that of Satellite Med, PLLC. The payor mix of Satellite Med Imaging, LLC will reflect 65-68% commercially insured and 32-35% private pay. The referrals from local providers may result in an increase in the private pay category, according to the applicant's response on page 5 of Supplemental 1.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant identified all health care providers in Attachment C-1 it has contacted regarding its plan to establish an outpatient diagnostic center offering MRI services to residents of its proposed service area. These include physicians and chiropractors in Cookeville, Gainesboro, and Monterey Tennessee. They have been made aware of the \$425 flat fee per study including the reading fee, less the deductions from operating revenue resulting in a fee of \$386.89 to their patients. To improve efficiency, area providers will be asked to pre-certify all scans for insurance patients. As a means of enhancing their interaction with Satellite Med Imaging, LLC, instructions will be given to allow these physicians to log on to the portal in order to view their patient's images and reports.

Satellite Med Imaging, LLC indicates a substantial majority of its patient referrals will come from Satellite Med, PLLC. The two existing MRI providers in Putnam County will therefore lose approximately 12 patient referrals each week due to the proposed project. The application notes if patients cannot tolerate a closed MRI they will be referred to existing providers with an open MRI. High risk patients whose condition warrants admission to Cookeville Regional Medical Center may be sent to the hospital for their MRI studies in order to facilitate admission to the hospital. In those situations, where a patient has a preference for another imaging provider or will do better with another MRI provider, they will be referred, without hesitation, according to the response of the applicant on page 47 of the application.

The proposed staffing plan involves the use of certified MRI technicians. The staffing pattern will include one full time and one part time MRI technician and one full time Radiology technician. The applicant states the salary for the MRI technician will be \$25 per hour or \$52,000 per year with the Radiation technician being paid at a rate of \$16 per hour or \$33,280 per year. The project, if approved, will also employ one full time and one part time receptionist at \$8 an hour. The applicant also indicates that those individuals having additional experience will be compensated based on a formula used by Satellite Med Imaging, LLC.

The applicant will share human resource functions with Satellite Med, PLLC and will maintain compliance with the provisions of the Americans with Disabilities Act, OSHA and HIPAA. That facility will share an Employee Assistance Program with Satellite Med Imaging, LLC. The applicant indicates that they will comply with all applicable State criteria regarding licensing/certification for the medical/clinical staff.

Satellite Med, PLLC offers teaching opportunities for premed or nursing students. A number of students from nursing school, Medical Assistant, Physician Assistant and Nurse Practitioner programs complete their clinical rotations at Satellite Med, PLLC. The applicant intends to participate in training programs and has stated on page 49 of the application it will seek to involve students from UT Family Practice and Radiology programs.

The applicant acknowledges it has reviewed and understands the licensure regulations of the Tennessee Department of Health and will seek certification from the American College of Radiology.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition*.

MAGNETIC RESONANCE IMAGING SERVICES

Standards and Criteria

Utilization Standards for non-Specialty MRI Units

- a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

The applicant uses 2 methodologies to project utilization for the first and second years of operation. In the first, the applicant projects 2797 scans in the first year and 3,290 in the second year. In the second methodology, the applicant projects 2,805 and 3,234 in the first and second year. Both methodologies meet the minimum standard for non-specialty MRI units.

- b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

The applicant states this criterion is not applicable.

- c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

Not applicable to this application as no exceptions are necessary.

- d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

The applicant states this criterion is not applicable.

- e. Hybrid MRI Units: The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/utilized with another medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

The applicant states this criterion is not applicable.

Economic Efficiencies: All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

The applicant states in Section B- Project Description section that alternatives were investigated and considered however, while some alternatives might have been less costly, they would not have met the

criteria of meeting the required number of scans and/or the cost for necessary renovation would have increased the cost for the project.

Need Standard for non-Specialty MRI Units

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: $1.20 \text{ procedures per hour} \times \text{twelve hours per day} \times 5 \text{ days per week} \times 50 \text{ weeks per year} = 3,600 \text{ procedures per year}$

Mobile MRI Units: $\text{Twelve (12) procedures per day} \times \text{days per week in operation} \times 50 \text{ weeks per year}$. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

Need Standards for Specialty MRI Units

a. Dedicated fixed or mobile Breast MRI Unit

Not applicable.

- b. An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall not receive a CON to use the MRI unit for non-dedicated purposes and shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:

Not applicable.

It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MRI unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies;

Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit are in compliance with the federal Mammography Quality Standards Act;

It is part of or has a formal affiliation with an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical oncology and an established breast cancer treatment program that is based in the proposed service area.

Not applicable.

It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.

Not applicable.

b. Dedicated fixed or mobile Extremity MRI Unit.

An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant

shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Extremity MRI Unit and a CON granted for this use should so state on its face.

Not applicable.

c. Dedicated fixed or mobile Multi-position MRI Unit

An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a dedicated fixed or mobile Multi-position MRI Unit and a CON granted for this use should so state on its face.

Not applicable.

Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. If data availability permits, Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.

The criterion has been noted by the applicant in Section B- Project Description, P 22.

Patient Safety and Quality of Care

The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical

The applicant indicates that the proposed MRI Unit has been approved for use by the FDA.

b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

The proposed 2000 Siemens Symphony has already been certified by the American College of Radiology and that it will be extended until January 2013.

c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

The applicant indicates that they adhere to the protocols and practices set forth in the ACR Guidance Document for Safe MR Practices: 2007 except where differences are indicated. The applicant states further that they recognize the risks associated with contrast agents, sedation, anesthesia and frail patients undergoing MR examinations and that appropriate provisions for stabilization and resuscitation of

these patients has been addressed as part of this application. Guidelines related to the Academy College of Radiology will be adhered to and that an Emergency Preparedness Plan has been developed.

d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

Protocols according to the American College of Radiology are included in Attachment C.1a.MRI. 7 d entitled ACR Magnetic Resonance Imaging Guidelines are included in their application.

e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

The applicant indicates that Satellite Med Imaging, LLC will strictly adhere to staffing recommendations and requirements (including staff education and training programs) set forth by the American College of Radiology. The applicant also outlines in Section B- Project Description that

f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

The applicant indicates that the 2000 Seiman's Symphony, proposed for the project, has an American College of Radiology Certification extension until January 2013. No further details are provided that pertain to the two years following operation of the proposed MRI unit.

g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

The applicant addresses this criterion by a letter provide as an attachment: C. MRI. 7.g.

h. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

If approved, the applicant agrees to submit all information required by HSDA in a timely manner.

If approved the applicant will submit all required information which includes the number of MRI studies and related charges in a timely manner as requested by the HSDA to maintain the HSDA Equipment Registry.

In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration?

The applicant states that Putnam County is not designated as a "medically underserved area" by the United States Health Resources and Services Administration.

b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

This is not applicable to the applicant.

c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

Not applicable.

- c. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

The applicant has taken into consideration the additional time that is required for certain scans and indicates that the extended hours of operation will enable them to meet the volume expectations of a fully operational magnet. The applicant indicates that others providers, within the same service area also perform scans requiring additional time and further substantiates the need in the service area for additional MRI.

OUTPATIENT DIAGNOSTIC CENTER

1. The need for outpatient diagnostic service shall be determined on a county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

The applicant indicates that the population in Putnam County has grown from 2010 to 2011 by almost 1%. They also indicate that the University of Tennessee, Center for Business and Economic Research, is projecting the population of Putnam County to be 81,792, 85,630, and 89,576 for years 2020, 2025, and 2030. In 2010 the population in Putnam County was 72,321. The applicant also provides Jackson County population predictions which reflect growth as well.

2. Approval of additional outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances that require additional services.

The applicant states that while there are MRI providers in Putnam County, there are none in Jackson County. They also indicate that the combined average utilization of existing MRI providers in Putnam County was above 80% of the total capacity of 3600 procedures in 2011. The applicant states that their proposed product cost is more affordable than what is offered in the service area and that it will meet the needs of a patient demographic where there is no regulating body to control costs.

3. Any special needs and circumstances:

- a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

The applicant indicates in their application that they have demonstrated the existence of an unmet need in the community. Since some patients may forego the recommended diagnostic testing, due to the cost, they may have limited interventions and treatment options. Further, since existing MRI providers, in the area, are operating at capacity, other physician groups in the area are faced with their patients facing longer and unacceptable wait times for receive necessary scans.

- b. Other special needs and circumstances, which might be pertinent, must be analyzed.

The applicant indicates that the response from #1 above addresses this criterion.

- c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.

The applicant indicates that the need for affordable alternatives to existing outpatient diagnostic centers exists in the service area. The applicant indicates further that the needs of all potential clientele will be served.

1. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in conformity with accepted medical practice.

The applicant provides information about their ability to manage emergencies within the outpatient diagnostic facility. Attachment C la MRI 7.c. includes a document titled ACR Guidance Document for Safe MR Practices: 2007.

2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.

The applicant indicates that the Attachment C la MRI 7.d supports only those procedures that are medically necessary and does not duplicate services.

Any orders that are thought to be clinically inappropriate or questionable shall be brought to the attention of the radiologist on site. The radiologist will be responsible for discussing the individual case with the referring physician to insure that only appropriate testing is done.

The administration of intravenous contrast agents will be carried out only after the direct order of the radiologist on site and under his/her direction.



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January 4, 2012

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37203

Re: Satellite Med Imaging, LLC, CN1210-050

Dear Ms. Hill:

This letter is to advise the Health Services and Development Agency that Cookeville Regional Medical Center ("CRMC") is opposed to the application referenced above. The application does not satisfy the criteria for approval and should be denied. Representatives of CRMC will be present at the Agency's meeting on January 23, 2013, to present information supporting its position and to answer questions the Agency members may have.

Thank you for your attention to this letter.

Very truly yours,

Paul Korth
Interim CEO
Cookeville Regional Medical Center

PK/my

C: Rachel C. Nelley

BAKER DONELSON
BEARMAN, CALDWELL & BERKOWITZ, PC

2013 JAN 8 PM 1 45

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January 8, 2013

www.bakerdonelson.com

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard
Third Floor
Nashville, TN 37243

Via Hand Delivery

Re: Letter of Opposition from Premier Diagnostic Imaging Center opposing the grant of a certificate of need to Satellite Med Imaging, LLC, CON application number CN1210-050

Dear Ms. Hill:

As you know, this firm represents Premier Diagnostic Imaging Center, the only licensed outpatient diagnostic center in Putnam County, Tennessee. Premier is located at 315 North Washington Avenue, Suite 103, Cookeville, TN 38501.

Premier Diagnostic Imaging Center opposes the grant of a certificate of need to Satellite Med Imaging, LLC as set forth in its CON application CN1210-050, for the establishment of an outpatient diagnostic center and the initiation of MRI services in Cookeville, Putnam County, Tennessee. Satellite Med Imaging, LLC's CON project set forth in CON application CN1210-050 fails to satisfy the statutory criteria for the grant of a certificate of need in T.C.A. § 68-11-1609. The project proposed by Satellite Med Imaging, LLC in CON application number CN1210-050 is not needed, cannot be economically accomplished and maintained, and will not contribute to the orderly development of adequate and effective healthcare facilities or services.

Representatives of Premier Diagnostic Imaging Center will be present at the HSDA's meeting on September 23, 2013, to articulate further its opposition to the approval of certificate of need application CN1210-050 to Satellite Med Imaging, LLC. If you have any questions, please do not hesitate to contact me.

Ms. Melanie Hill
January 8, 2013
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Sincerely,

BAKER, DONELSON, BEARMAN,
CALDWELL & BERKOWITZ, PC

A handwritten signature in dark ink, appearing to read "William West", written in a cursive style.

William West

WHW/mhh

cc: Rachel C. Nelley, Esq.